



ANNUAL REPORT 2010





Introduction

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The CPFL Energia Annual Report 2010 details the Group's main strategies and management practices, as well as providing an economic, environmental and social profile of its subsidiary companies.

The principal reference used in preparing this Report was once again the Global Reporting Initiative (GRI) methodology, which therefore means it is aligned with worldwide corporate governance best practice. Information on economic and financial performance in particular has been adjusted to the requirements of the new *International Financial Reporting Standards* (IFRS).

This document also takes into account suggestions and recommendations from CPFL Energia's stakeholders, including shareholders, investors, market analysts, clients, consumers, suppliers, employees and executives. (See section About this Report).

For the second consecutive year, CPFL Energia is publishing its annual results in the format of a blog. This resource aims to promote greater interaction with stakeholders, and allows them to register suggestions which, once approved by the Company, may be included in next year's report.

Enjoy reading!

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MESSAGE FROM THE BOARD OF DIRECTORS



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Brazil strengthened its trajectory of sustained growth in 2010, breaking free from the constraints of the international financial crisis. As such, the country continued to move in a positive direction, with renewed growth in industrial activity, ample job creation and an increase in personal incomes. At the end of the year, the recovery in emerging market economies was a cause for relief amid the most severe recession since the Great Depression of the 1930s.

These factors drove consumer activity and contributed to an increase in GDP of 7.5%, which impacted positively on the range of CPFL Energia businesses. The Company made continued progress in the Distribution, Generation and Commercialization segments and achieved efficiency and productivity gains – essential for ensuring the creation of shareholder value – as a result of economic and financial management discipline.

The figures provide evidence of the success of our strategies. In 2010, investments totaled R\$ 1.8 billion, mainly directed at business expansion and increasing operating efficiency. Of this total, R\$ 1.1 billion went toward extending and bolstering the electricity distribution system to meet the needs of market growth. Of the R\$ 645 million allocated to the Generation segment, priority was given to the projects under construction. CPFL Energia's consistent performance in 2010 with a net income of R\$ 1.54 billion, strengthened its standing in the Brazilian electric sector.

The Company's performance was recognized in the capital markets, resulting in the significant appreciation of its equities. In 2010, the value of CPFL Energia shares increased 25.7% on BM&FBovespa and 33.7% on the NYSE, surpassing both the IBOVESPA and Dow Jones stock indices. The average daily trading volume re-

ached R\$ 33.3 million, of which R\$ 17.4 million were on BM&FBovespa and R\$ 15.9 million on the NYSE, equal to an increase of 22.1%. In addition, the Company has distributed almost R\$ 8 billion in accumulated dividends since its IPO in 2004.

CPFL Energia was included for the sixth consecutive year in the BM&FBovespa Corporate Sustainability Index (ISE), which highlights companies with the best corporate governance and sustainability practices.

Consistent results and ongoing recognition are an expression of the solidity of our corporate foundations. We have overcome the recent market fluctuations and have begun a new cycle of growth, enhancing our entrepreneurial abilities and increasing our capacity to create value – a characteristic of the holding company since its inception.

Consequently, there is a promising environment for executing the Company's growth strategies. The growth of the Brazilian economy from 2010 will provide opportunities for business expansion. Demand for electric energy will rise, driven by the increase in personal incomes and the growth in economic activity as a whole, and this requires an effective response from electric sector companies.

Against this backdrop, CPFL Energia is in a position to make the necessary investments to execute its business plan. Finally, we believe that the full realization of this vision is only possible thanks to the support and trust of shareholders, clients, employees, suppliers and all our shareholders. Such support and trust gives us the strength to progress and overcome the challenges which lie ahead.

Murilo Passos
Chairman of the Board of Directors

MESSAGE FROM THE CEO



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1.1 | 1.2 | 2.9 | EC2

When 2010 is just a distant memory in Brazilian history, it is not unlikely to suppose that it will be seen as a pivotal year in which there was a virtuous combination of economic growth and important social advances. A year in which there was a unique scenario: for the first time in recent decades, the country was spared the most dramatic consequences of an economic crisis deemed the worst since 1929. The solidity of Brazil's fundamentals had been proven in 2009 when it had been possible to boost production and domestic market consumption to such a degree that the nation was able to hold its economy steady in a period of global recession.

The advance came in 2010 with GDP growing 7.5% in the period, unemployment reaching the lowest levels on record - about 6% in the principal metropolitan regions. A new middle class emerged from the migration of contingents in the D and E classes to the C social grouping, driven by an improvement in the distribution of national income, and representative of a class now corresponding to more than half the population. In tandem with this development, CPFL Energia was able to report gains in efficiency and productivity aligned to financial responsibility and the creation of shareholder value.

In this scenario, net operating revenue grew to R\$ 12,024 million. EBITDA reached R\$ 3,350 million while the Company recorded a net income of R\$ 1,560 million. These numbers have been adjusted in line with the new accounting norms as established by the International Financial Reporting Standards (IFRS), already adopted by CPFL Energia in fiscal year 2010.

The economic and financial performance reported for the year was instrumental in strengthening CPFL Energia's place in the Brazilian electric sector. With a 13% market share, we held on to our leadership in the distribution segment with about 6.7 million customers served by eight Group distributors located in 569 cities in the states of São Paulo, Rio Grande do Sul and in some mu-

nicipalities of Paraná and Minas Gerais. Sales in the concession areas amounted to 52,044 GWh, growth of 7.2% compared with 2009.

On another front, we continue to lead the market with a 16% share in the competitive energy commercialization segment for free market customers. We ended the year with 129 customers in our portfolio, representing a growth of 74% over the previous year. Special mention should also be made of the performance in the supply of Added Value Services (AVS), which in 2010 made an important contribution to company earnings. Generating revenue of R\$ 73.5 million and an EBITDA of R\$ 8.2 million, Added Value Services were instrumental in making new businesses feasible and helping to further enhance customer relationships through the offer of project design and construction services for substations, transmission lines and distribution systems; restoration work on transformers and electrical equipment; consultancy in energy management; and the participation in public auctions for energy purchases and sales, among others.

CPFL Energia has consolidated its position in the generation segment with a market share of about 2%, ranking it as the third largest private sector generator in the country. We have chosen to expand our generation complex first and foremost through the harnessing of energy from renewable sources in line with the strategy of expanding Brazilian electricity supplies. In 2010, the Group rolled out three new projects: TPP Baldin (45 MW), our first sugarcane bagasse-fired plant; HPP Foz do Chapecó (855 MW); and TPP Termonordeste (170.76 MW). The Company holds a 51% stake in each of the latter two.

In addition, CPFL Energia acquired SHP Diamante (4.23 MW) in the state of Mato Grosso. As a result, the Group was able to end the year with an installed generation capacity of 2,309 MW. Worthy of mention is that we were one of the successful bidders in the renewable energy auction held in August (ANEEL Auction 05/2010), through

which we sold energy from the Campo dos Ventos II Wind Farm (30 MW) in the state of Rio Grande do Norte. The plans for 2011 are ambitious: we shall pursue leadership in renewable sources (SHP, wind and biomass) and we shall weigh up the opportunities to be had in participating in the hydroelectric auctions, seeking to establish a significant bridgehead in medium and large projects.

The debate surrounding the expansion of the generating complex from renewable sources has taken up an important part of our corporate agenda. The discussion begins from the premise of the global urgency in seeking answers to a dilemma on the planet's agenda: how to reconcile the growing demand for energy with the rational use of natural resources and the reduction in greenhouse gas emissions?

After all, forecasts indicate that the world must be prepared to meet the growth of somewhere between 3.5 and 6 billion users in the energy market by 2050. Parallel to this, it is imperative to invest in low-emission productive processes and in rational consumption as a means of reducing the dependence on fossil fuels and, last but not least, avoiding a rise in the planet's temperature of more than 2 degrees centigrade during this century (the upper limit stipulated by the Intergovernmental Panel on Climate Change, IPCC).

In this context, we adopted a three-pronged approach to this end:

1. seeking know-how from specialists in the environment, climate change, the green economy and innovation to understand the series of challenges which face us in the 21st century;
2. subsequently, we undertook an exercise of revising strategic markers, redefining the Corporate Vision and Mission and placing the search for sustainable solutions at the top of our list of priorities;
3. finally we incorporated this know-how and these markers into our Strategic Planning, opting for a significant increase in renewable energy.

As an outcome to this strategic business

vision, CPFL Energia has adopted programs for reducing losses, reinforced its focus on energy efficiency programs, given support to research and development projects for sustainable buildings and electric vehicles, invested in the repowering of Small Hydroelectric Plants (SHPs), in the construction of hydroelectric power plants with a high level of environmental efficiency (ratio of installed capacity per square kilometer of flooded area) and in the construction of wind farms and sugarcane bagasse-fired plants.

CPFL Energia takes a long-term view, aware as it is that the world is on the edge of a sea change, although it does so without ignoring the challenges and oscillations that the businesses present in day-to-day activities. In this sense, it underlines the commitment to its shareholders, investors, employees, customers, suppliers, government authorities and also future generations by seeking solutions which will be as good in the future as they are today. We are convinced that knowledge is the cleanest and most renewable form of energy and we want to share it with our partners.

The way we found to disseminate this desire to share was to establish a broad-based program called CPFL Cultura to allow reflection on the dilemmas and opportunities in the contemporary world. Through CPFL Cultura, we promote onsite meetings and air broad brush presentations of complex themes over the internet and on television. This therefore is our way of continuing to offer quality energy through ethical and sustainable relationships.

Wilson Ferreira Jr.

Diretor-presidente da CPFL Energia

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CPFL ENERGIA'S INVESTMENTS FOR THE PERIOD TOTALED R\$ 1.8 BILLION.

- ▶ Increase of 7.2% in energy sales in the distribution companies' concession areas, totaling 52,044 GWh.
- ▶ Total regulated market sales of 39,250 GWh, an increase of 3.8%.
- ▶ Start-up of operations at TPP Baldin (45 MW), fired by sugarcane biomass, HPP Foz do Chapecó (855 MW), in which the Company has a 51% stake and TPPTermonordeste (170.76 MW), with a 51% Group share.
- ▶ Purchase of SHP Diamante (4.23 MW), located in the state of Mato Grosso.
- ▶ The CPFL Group's total installed generating capacity was 2,309 MW at 2010 year-end.
- ▶ CPFL Energia was among the successful companies at the renewable energy auction held in August (ANEEL Auction nº 05/2010), as a result of which it will commercialize energy from the Campo dos Ventos II Wind Farm (30 MW).
- ▶ Distribution of R\$ 1,260 million in dividends for 2010, with dividend yield of 6.9% (LTM).
- ▶ CPFL Energia shares increased in value by 25.7% on BM&FBovespa and 33.7% on the NYSE in 2010, surpassing the market's major stock indices.
- ▶ CPFL Energia stock remained a component of the ISE (BM&FBovespa's Corporate Sustainability Index) portfolio for the sixth consecutive year.
- ▶ Highlight in Leadership in the Best Companies to Work For in Brazil Guide by Você S/A-Exame and a model company in the Exame Sustainability Guide.
- ▶ Certification by Bureau Veritas in the ISO 9001 standard for Quality Management (assessment of corporate risk management and internal controls) and in the ISO 27001 standard for Information Security Management (assessment of the Data Center information security system).
- ▶ RGE was winner of the ABRADÉE award for best electricity distributor in Brazil, best operations management and best social responsibility, a finalist for the second consecutive year in the National Quality Award® (PNQ) and won the IASC/ANEEL award for best distributor in the South region in the above 400 thousand consumer unit category.
- ▶ CPFL Piratininga was winner of the ABRADÉE award for management quality and CPFL Leste Paulista won the IASC/ANEEL award for best electricity distributor in Brazil.

SUMMARY OF THE PERFORMANCE

SUMMARY OF ECONOMIC, FINANCIAL, ENVIRONMENTAL AND SOCIAL INDICATORS

ECONOMIC INDICATORS	2010 ¹	2009 ¹	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Gross Operating Revenue (R\$ million)	17,557	16,474	6.6	14,372	14,207	1.2
Net Operating Revenue (R\$ million)*	12,024	11,358	5.9	9,706	9,410	3.1
Gross Operating Income (R\$ million)*	3,350	3,453	-3.0	3,213	3,871	-17.0
Ebitda (R\$ million)*	3,350	3,453	-3.0	2,808	3,345	-16.1
Operating Income – EBIT (R\$ million)	2,739	2,783	-1.6	2,336	2,847	-17.9
Financial Income (Expense) (R\$ million)	-354	-310	14.2	-414	-375	10.4
Net Income (R\$ million)	1,560	1,689	-7.6	1,276	1,641	-22.2
Dividends Distributed (R\$ million)	1,260	1,227	2.7	1,208	1,561	-22.6
FINANCIAL INDICATORS	2010 ¹	2009 ¹	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Total Assets (R\$ million)	20,057	18,491	8.5	16,243	15,596	4.1
Shareholders' Equity (R\$ million)	6,750	6,537	3.3	5,019	4,951	1.4
Investments (R\$ million)	1,801	1,327	35.7	1,178	1,133	4.0
Net Adjusted Debt (R\$ million)	7,977	6,724	18.6	5,650	5,098	10.8
Net Financial Debt/ (Shareholders' Equity + Minority Interests) (%)	116	98	18.4	107	91	17.6
SHARES	2010 ¹	2009 ¹	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Number of Shares (thousands)	481,137	479,911	0.3	479,911	479,911	0.0
Net Earnings (Loss) per share (R\$)	3.20	3.45	-7.2	2.66	3.42	-22.2
Average common share price – ON (R\$)	38.64	32.29	19.7	34.71	33.9	2.4
Dividends Distributed per share (R\$)	2.62	2.55	2.7	2.52	3.25	-22.5
MARKET	2010	2009	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Electricity Sales (GWh)**	52,245	51,090	2.3	46,227	44,196	4.6
Number of customers (thousands)	6,747	6,567	2.7	6,425	6,257	2.7
Number of free market customers	129	74	74.3	76	91	-16.5
Installed Generating Capacity (MW)	2,309	1,737	32.9	1,704	1,588	7.3
Assured Generating Capacity (average MW)	1,157	864	33.9	862	800	7.8
PAYROLL	2010	2009	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Employees (total number)	7,924	7,450	6.4	7,119	7,176	-0.8
Numbers hired during the period	1,671	1,068	56.5	944	820	15.1
ENVIRONMENTAL INDICATORS – IBASE	2010	2009	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Environmental Investments (R\$ million)	182	159	14.5	171	63	171.4
SOCIAL INDICATORS – IBASE	2010 ¹	2009 ¹	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Internal Social Investments (R\$ million)	307	275	11.6	263	230	14.3
Total Contributions to Society (R\$ million)	21	15	40.0	17.3	17	1.8
VALUE ADDED FOR THE PERIOD (DVA)	2010 ¹	2009 ¹	2010 / 2009(%)	2008	2007	2008 / 2007(%)
Payroll and Payroll taxes (R\$ million)	498	533	-6.6	416	393	5.9
Taxes, Duties & Contributions (R\$ million)	5,682	5,252	8.2	4,783	5,231	-8.6
Interest and Rent (R\$ million)	946	708	33.6	933	735	26.9
Dividends and Interest on Shareholders' Equity (R\$ million)	1,260	1,229	2.5	1,208	1,561	-22.6
Retained Earnings (R\$ million)	300	460	-34.8	68	79	-13.9

¹ Adjusted in line with IFRS requirements (International Financial Reporting Standards).

*Figures published in 2006 differ from current figures for 2006 due to reclassification as defined by ANEEL, for items Fuel Consumption Account, Development and energy efficiency, which were transferred from Operating Costs to Deductions from Operating Income.

**For 2010 and 2009, includes captive and free markets for generation (excluding the Group) and for other years includes captive and free markets. Does not include the Tariff for Use of the Distribution System (TUDS) in any year.

Note: Information for 2006 and 2007 has been reclassified as a consequence of Law 11.638/07.

THE CPFL ENERGIA GROUP AND ITS SUBSIDIARY COMPANIES

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CPFL Energia is a publicly listed holding company comprising companies in the electricity distribution, generation, commercialization and added value service businesses. With almost 100 years of history and guided by strategic guidelines that reflect the expectations of society, CPFL Energia is founded on solid ethical principles that reiterate its commitment to excellence and corporate sustainability.

Aware of the key role the energy sector will play in the future of the world, CPFL Energia is implementing its long-term vision which seeks to create paths and solutions, to exceed goals and to consolidate its position as a benchmark for its customers and stakeholders.



Head Office Campinas/Sp

DISTRIBUTION

- ▶ 8 DISTRIBUTION COMPANIES
- ▶ OPERATIONS IN THE STATES OF SÃO PAULO, RIO GRANDE DO SUL, PARANÁ AND MINAS GERAIS
- ▶ 6.7 MILLION CUSTOMERS
- ▶ 569 MUNICIPALITIES SERVED
- ▶ 39,250 GWH ELECTRICITY SALES IN CONCESSION AREAS

GENERATION

- ▶ 8 HYDROELECTRIC PLANTS IN OPERATION
- ▶ ONE SUGARCANE BIOMASS-FIRED THERMOELECTRIC PLANT (TPP BALDIN)
- ▶ ONE FUEL OIL PLANT IN OPERATION (TPP TERMONORDESTE)
- ▶ 34 SHPs
- ▶ OPERATIONS IN THE STATES OF SÃO PAULO, SANTA CATARINA, RIO GRANDE DO SUL, GOIÁS, TOCANTINS, MINAS GERAIS, MATO GROSSO, PARAÍBA AND RIO GRANDE DO NORTE
- ▶ 2,309 MW INSTALLED CAPACITY
- ▶ 1,157 AVERAGE MW ASSURED ENERGY
- ▶ 8 WIND FARMS
- ▶ 1 FUEL OIL TPP UNDER CONSTRUCTION (TPP TERMOPARAÍBA)

COMMERCIALIZATION AND SALE OF ADDED VALUE SERVICES

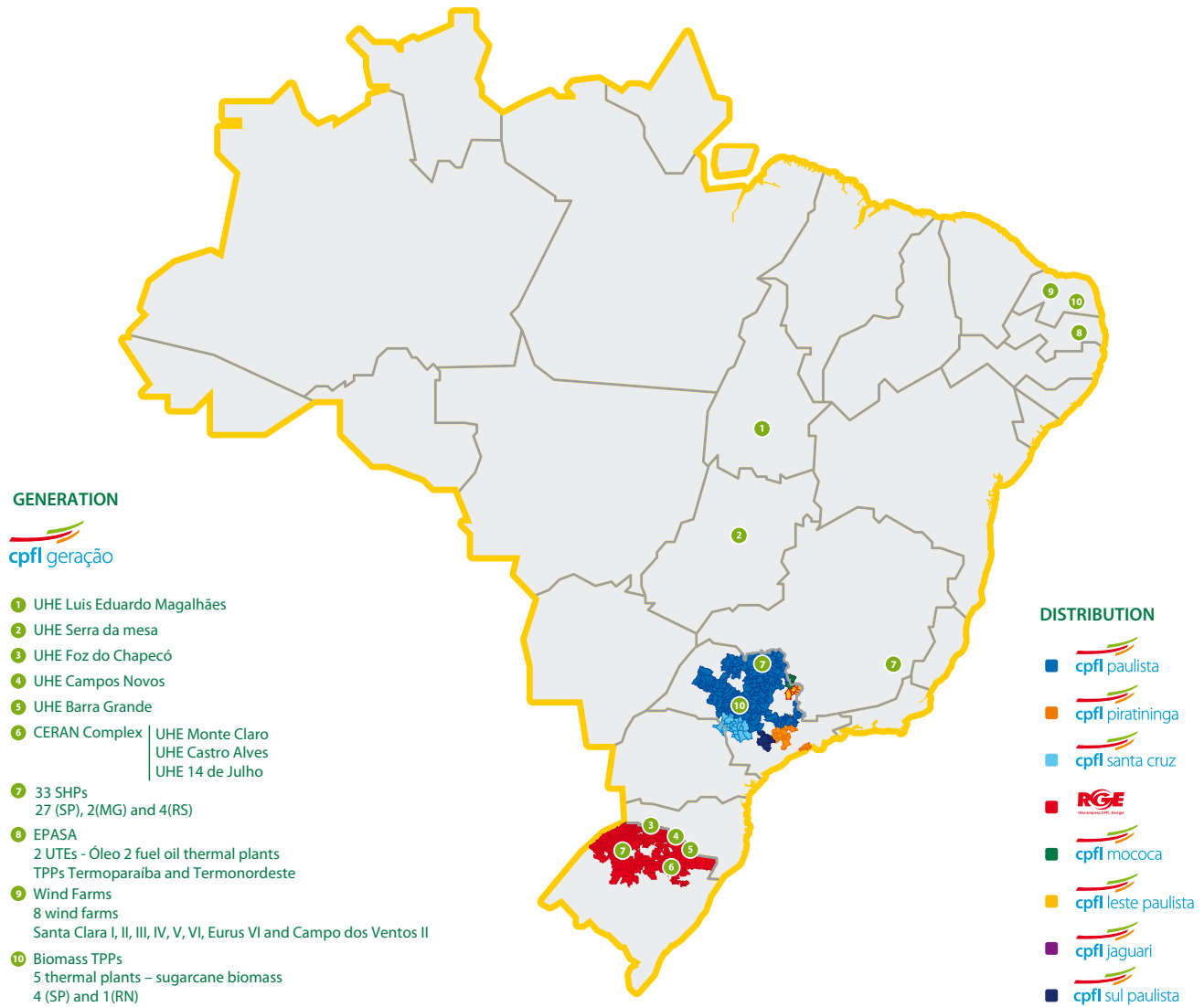
- ▶ 16% MARKET SHARE
- ▶ 129 FREE MARKET CUSTOMERS
- ▶ 13,000 GWH ENERGY SALES ON THE FREE MARKET BY THE COMMERCIALIZATION COMPANIES
- ▶ COMPETITIVE IN THE SALE OF ADDED VALUE SERVICES

THE HOLDING COMPANY

OPERATIONS MAP

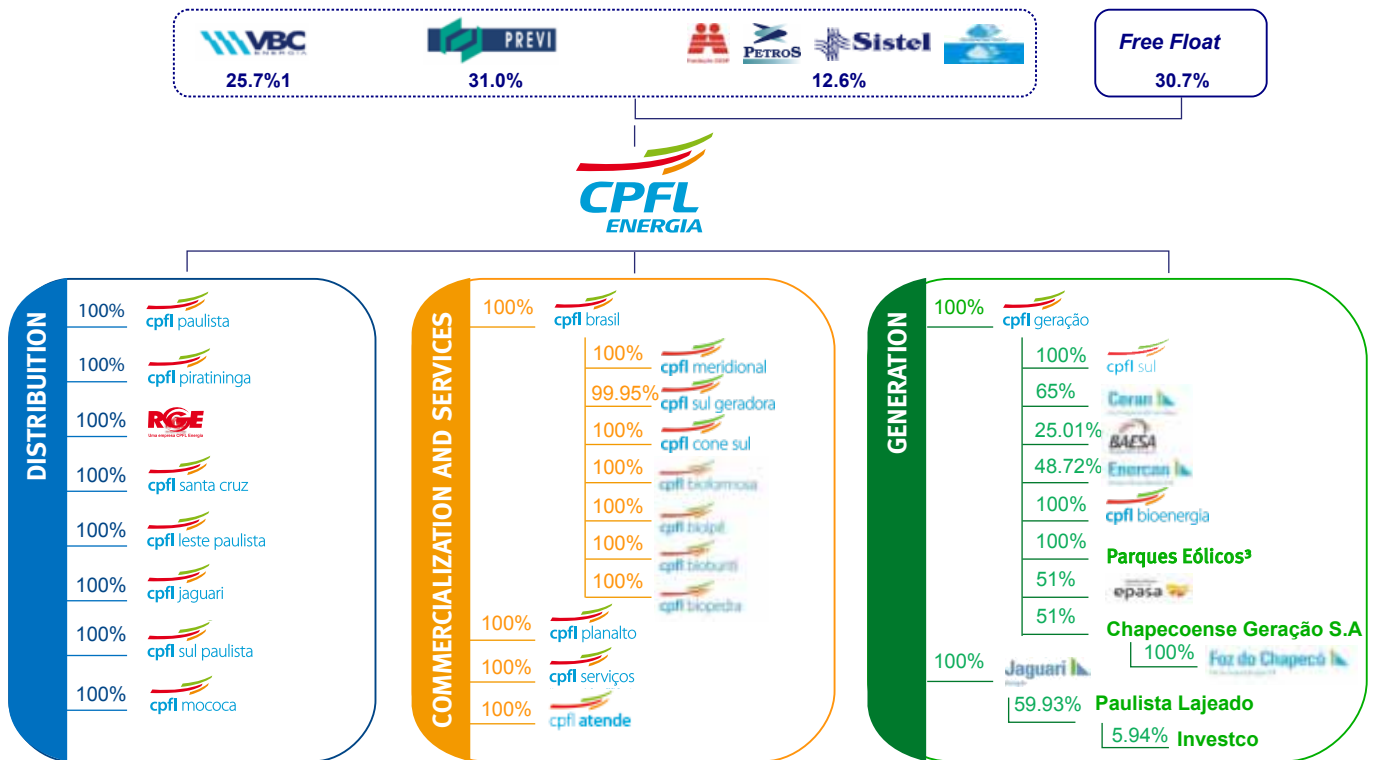
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2.7 | 2.8 | 3.8

COMMERCIALIZATION AND SERVICES



CORPORATE STRUCTURE

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2.6 | 2.8 | 3.6 | 3.8



Notes

- (1) Includes 0.1% stock of Camargo Corrêa S.A.
- (2) Controlling Shareholders
- (3) Comprises eight companies: Santa Clara I, II, III, IV, V, VI, Eurus VI and Campo dos Ventos II
- (4) Base: 12/31/2010



Find out more >>

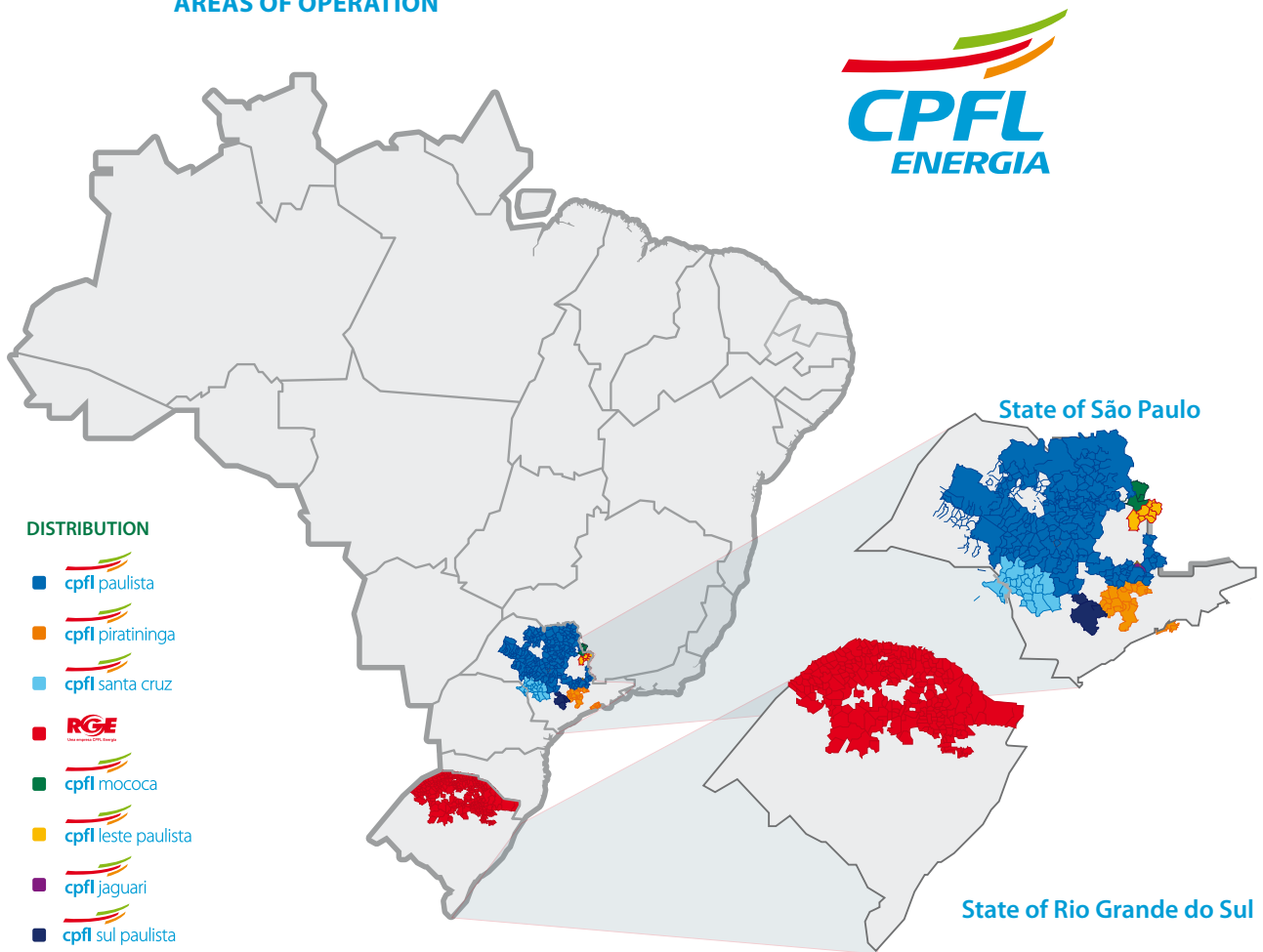
CPFL Energia Profile: <www.cpfl.com.br/QuemSomos/Institucional>

PROFILE OF THE DISTRIBUTION BUSINESS

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| 2.8 | 3.8 | EU3

CPFL Energia's operations in this segment consist of eight concessionaire distribution companies located in the states of São Paulo, Minas Gerais, Paraná and Rio Grande do Sul, together serving 6.7 million customers across 569 municipalities.

AREAS OF OPERATION



Find out more>>

CPFL Energia Profile: <www.cpfl.com.br/QuemSomos/Institucional>

OPERATIONS IN SÃO PAULO, RIO GRANDE DO SUL, PARANÁ AND MINAS GERAIS STATES							
	2008	2009	2010				
Municipalities served	568	569	569				
Area of operation (Km ²)	208,342	208,421	208,421				
Population Served (million)*	18.7	18.7	17,8				
Customers (million)	6.4	6.6	6,7				
Market share (%)	13.3	12.7	13,0				
Energy Sales (GWh)**	37,323	37,821	39,250				
CONSOLIDATED DISTRIBUTION	ELECTRICITY DISTRIBUTION BUSINESS SUMMARY						
	MAIN RESULTS	2006	2007	2008	2009	2010	
	Number of customers (thousands)	5,914	6,256	6,426	6,567	6,747	
	Energy sales (captive + free/generation – ex-Group) (GWh)*	41,112	44,196	46,227	51,090	52,250	
	Sales in the concession area (GWh)	41,363	46,475	49,033	48,568	52,044	
	Captive Market	31,778	35,245	37,323	37,821	39,250	
	TUDS	9,585	11,230	11,710	10,747	12,794	
	Sales to the free market (GWh)*	9,334	8,951	8,904	13,269	13,000	
	Municipalities Served	550	568	568	569	569	
	Gross Operating Revenue (R\$ million)	11,253	12,980	12,820	14,704	15,864	
	EBITDA (R\$ million)	2,011	2,472	1,911	2,343	2,265	
	Net Income (R\$ million)	1,073	926	1,045	1,300	1,308	
	RGE data published in 2006 covers total results. Those shown here represent CPFL Energia's share in RGE, which stood at 67.07% in May 2006, later rising to 99.76%.						
	* Excludes sales to related parties and CCEE. Includes FURNAS (SEMESA) and other generation sales, excluding the Group. Includes 65% of CERAN.						
	Financial statements for 2009 and 2010 are presented in line with the new Brazilian accounting standards, wholly adapted to the guidelines of the Brazilian Accounting Pronouncements Committee (CPC) applicable to the operations of the CPFL Group companies, which are consistent with IFRS international accounting practices.						
Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.							

* Source: IBGE/SEADE Foundation 2010.

** Covers the captive market

CPFL Energia Distributors



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	3,332	3,415	3,500	3,566	3,660
EEnergy Sales (GWh)	23,065	24,437	25,288	25,267	26,988
Captive Market	18,295	18,868	19,544	19,977	20,649
TUDS	4,770	5,569	5,743	5,290	6,339
Municipalities Served	234	234	234	234	234
Gross Operating Revenue (R\$ million)	6,298	6,868	6,677	7,711	8,115
EBITDA (R\$ million)	1,179	1,419	1,010	1,293	1,119
Net Income (R\$ million)	765	819	590	750	696

Note: Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	1,294	1,330	1,366	1,401	1,439
Energy Sales (GWh)	12,171	12,803	13,322	13,004	14,114
Captive Market	7,743	8,015	8,398	8,539	8,931
TUDS	4,428	4,788	4,924	4,465	5,183
Municipalities Served	27	27	27	27	27
Gross Operating Revenue (R\$ million)	2,891	3,175	2,907	3,315	3,721
EBITDA (R\$ million)	567	563	404	485	531
Net Income (R\$ million)	307	323	222	274	302

Note: Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	165	170	174	177	180
Energy Sales (GWh)	778	829	859	884	937
Captive Market	767	810	838	862	918
TUDS	11	18	21	22	19
Municipalities Served	27	27	27	27	27
Gross Operating Revenue (R\$ million)	253	274	266	297	331
EBITDA (R\$ million)*	40	51	47	58	34
Net Income (R\$ million)*	22	38	29	35	18

*In November 2005, the generation business was spun off, impacting EBITDA and net income for 2006.
Note: Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	1,123	1,160	1,199	1,233	1,272
Energy Sales (GWh)	7,079	7,670	8,082	8,012	8,557
Captive Market	6,652	6,886	7,198	7,182	7,446
TUDS	427	784	884	830	1,111
Municipalities Served	262	262	262	263	263
Gross Operating Revenue (R\$ million)	2,382	2,454	2,566	2,943	3,211
EBITDA (R\$ million)*	344	416	383	426	500
Net Income (R\$ million)*	121	172	164	194	245

Note: Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.

CPFL Energia Distributors



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	29	30	31	32	33
Energy Sales (GWh)	506	545	557	491	487
Captive Market	444	475	489	415	419
TUDS	63	70	68	76	68
Municipalities Served	2	2	2	2	2
Gross Operating Revenue (R\$ million)	107	122	112	120	140
EBITDA (R\$ million)*	14	20	14	18	19
Net Income (R\$ million)*	8	12	9	11	12

Note: Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	65	66	68	70	72
Energy Sales (GWh)	404	427	445	439	448
Captive Market	341	360	376	375	375
TUDS	63	67	69	64	73
Municipalities Served	5	5	5	5	5
Gross Operating Revenue (R\$ million)	113	125	117	135	151
EBITDA (R\$ million)*	19	25	19	24	25
Net Income (R\$ million)*	14	15	11	15	16

Note: Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	47	48	49	50	51
Energy Sales (GWh)	273	280	286	277	304
Captive Market	273	280	286	277	304
TUDS	0	0	0	0	0
Municipalities Served	7	7	7	7	7
Gross Operating Revenue (R\$ million)	89	94	122	114	121
EBITDA (R\$ million)*	20	17	22	27	25
Net Income (R\$ million)*	14	9	12	15	12

Obs.: As informações de 2006 e 2007 foram reclassificadas em razão da adoção da Lei nº 11.638/07.



MAIN RESULTS	2006	2007	2008	2009	2010
Number of customers (thousands)	37	38	39	40	41
Energy Sales (GWh)	180	186	194	194	208
Captive Market	180	186	194	194	208
TUDS	0	0	0	0	0
Municipalities Served	4	4	4	4	4
Gross Operating Revenue (R\$ million)	59	69	65	78	84
EBITDA (R\$ million)*	10	14	11	15	13
Net Income (R\$ million)*	7	9	7	10	9

Note: Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.

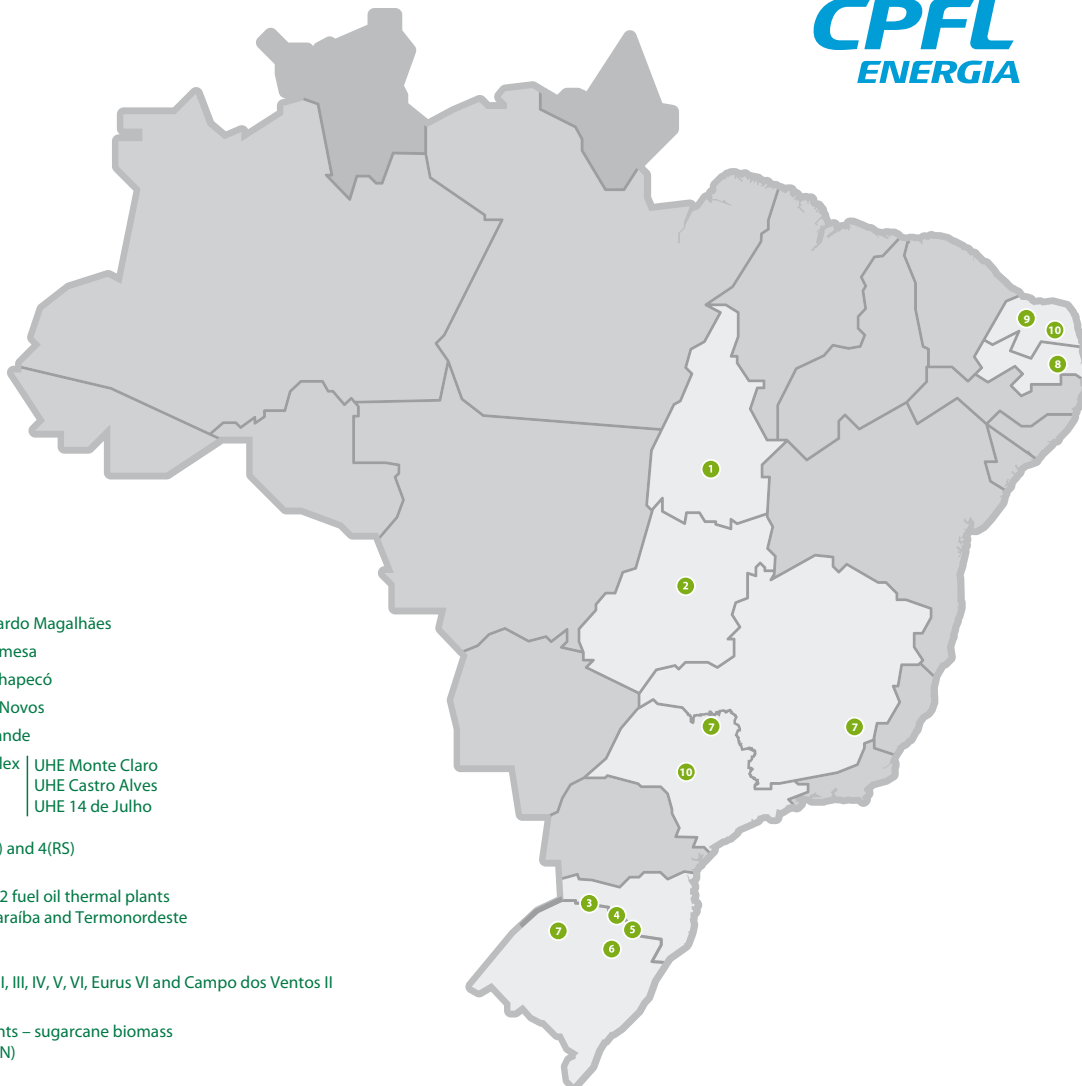
PROFILE OF THE GENERATION BUSINESS

GRI
2.1 | 2.2 | 2.3 | 2.5 | 2.7
2.8 | 3.8 | EU2 | EU11
EU30

At the end of 2010, CPFL Energia's presence in the electricity generation segment totaled an installed capacity of 2,309 MW, from eight hydroelectric power plants (HPPs), one sugarcane bagasse-fired thermoelectric plant, one fuel oil thermoelectric plant and 34 small hydro plants (SHPs).

The CPFL Group's generating assets are located in São Paulo, Santa Catarina, Rio Grande do Sul, Goiás, Tocantins, Mato Grosso, Paraíba and Minas Gerais states.

AREAS OF OPERATION



GENERATION



- 1 UHE Luis Eduardo Magalhães
- 2 UHE Serra da mesa
- 3 UHE Foz do Chapecó
- 4 UHE Campos Novos
- 5 UHE Barra Grande
- 6 CERAN Complex | UHE Monte Claro
UHE Castro Alves
UHE 14 de Julho
- 7 33 SHPs
27 (SP), 2(MG) and 4(RS)
- 8 EPASA
2 UTEs - Óleo 2 fuel oil thermal plants
TPPs Termoparaíba and Termonordeste
- 9 Wind Farms
8 wind farms
Santa Clara I, II, III, IV, V, VI, Eurus VI and Campo dos Ventos II
- 10 Biomass TPPs
5 thermal plants – sugarcane biomass
4 (SP) and 1 (RN)

THE HOLDING COMPANY

HPP LUIS EDUARDO MAGALHÃES

Location	Tocantins River (state of Tocantins)
Municipalities Covered	Lajeado (state of Goiás) and Miracena do Tocantins (state of Tocantins)
Installed Capacity (MW)	902.5
Assured Energy (average MW)	526.6
Jaguari Geração	- Share (%): 6.93 - Installed capacity (MW): 62.54 - Assured energy (average MW): 36.49
Operational Start-Up	December 2001

HPP SERRA DA MESA

Location	Tocantins River (state of Goiás)
Municipality Covered	Minaçu (state of Goiás)
Installed Capacity (MW)	1.275,0
Assured Energy (average MW)	671,0
CPFL Geração	- Share (%): 51.54 - Installed capacity (MW): 657.14 - Assured energy (average MW): 345.83
Operational Start-Up	1998

HPP FOZ DO CHAPECÓ

Location	Uruguay River (states of Santa Catarina and Rio Grande do Sul)
Municipalities Covered	Águas de Chapecó (state of Santa Catarina) and Alpestre (state of Rio Grande do Sul)
Installed Capacity (MW)	855,0
Assured Energy (average MW)	432,0
CPFL Geração	- Share (%): 51.00 - Installed capacity (MW): 436.05 - Assured energy (average MW): 220.32
Operational Start-Up	October 14 2010

CAMPOS NOVOS ENERGIA S.A. – ENERCAN

Location	Canoas River (state of Santa Catarina)
Municipalities Covered	Campos Novos, Anita Garibaldi, Celso Ramos and Abdon Batista (state of Santa Catarina)
Installed Capacity (MW)	880,0
Assured Energy (average MW)	377,9
CPFL Geração	- Share (%): 48.72 - Installed capacity (MW): 428.76 - Assured energy (average MW): 184.12
Operational Start-Up	February 2007

ENERGÉTICA BARRA GRANDE S.A.

Location	Pelotas River (states of Santa Catarina and Rio Grande do Sul)
Municipalities Covered	Pinhal da Serra (state of Rio Grande do Sul) and Anita Garibaldi (state of Santa Catarina)
Installed Capacity (MW)	690,0
Assured Energy (average MW)	380,6
CPFL Geração	- Share (%): 25.01 - Installed capacity (MW): 172.54 - Assured energy (average MW): 95.17
Operational Start-Up	November 2005
Installed capacity (MW)	690

HPP 14 DE JUNHO (CERAN COMPLEX)

Location	Rio das Antas (state of Rio Grande do Sul)
Municipalities Covered	Bento Gonçalves, Cotiporã and Veranópolis (state of Rio Grande do Sul)
Installed Capacity (MW)	65,0
Assured Energy (average MW)	32,5
Operational Start-Up	December 2008

HPPCASTRO ALVES (CERAN COMPLEX)

Location	Rio das Antas (state of Rio Grande do Sul)
Municipalities Covered	Nova Pádua, Flores da Cunha, Nova Roma do Sul and Antônio Prado (state of Rio Grande do Sul)
Installed Capacity (MW)	84,5
Assured Energy (average MW)	41,6
Operational Start-Up	March 2008

CIA. ENERGÉTICA RIO DAS ANTAS (CERAN COMPLEX)

Location	Rio das Antas (state of Rio Grande do Sul) HPP Monte Claro HPP Castro Alves HPP 14 de Julho
Installed Capacity (MW)	360,0
Assured Energy (average MW)	173,0
CPFL Geração	- Share (%): 65,00 - Installed capacity (MW): 234,00 - Assured energy (average MW): 112,5

CERAN COMPLEX MONTE CLARO

Location	Rio das Antas (state of Rio Grande do Sul)
Municipalities Covered	Bento Gonçalves, Veranópolis and Nova Roma do Sul (state of Rio Grande do Sul)
Installed Capacity (MW)	84,50
Assured Energy (average MW)	38,35
Operational Start-Up	December 2004

PROJECTS UNDER CONSTRUCTION: CPFL WIND FARMS

WIND PARKS SANTA CLARA I, II, III, IV, VI AND EURUS VI

Location	State of Rio Grande do Norte
Installed Capacity (MW)	188
Assured Energy (average MW)	76
CPFL Geração	Share (%): 100



SMALL HYDRO PLANTS*

Location	States of São Paulo (19 SHPs and 01 TPP) and Minas Gerais (01 SHP)
Installed Capacity (MW)	154.8
Assured Energy (average MW)*	78.4
CPFL Geração	Share (%): 100

*Includes TPP Carioba.

CPFL SUL

Location	State of Rio Grande do Sul
Installed Capacity (MW)	2.65
Assured Energy (average MW)*	2.45
CPFL Geração	Share (%): 100

CPFL JAGUARIÚNA

Location	States of São Paulo (7) and Minas Gerais (2)
Installed Capacity (MW)	24.28
Assured Energy (average MW)*	–
CPFL Geração	Share (%): 100

* 8.97 average MW submitted to ANEEL for approval.

CPFL GERAÇÃO
SMALL HYDROELECTRIC POWER PLANTS

SMALL HYDRO PLANTS IN OPERATION- 2010*			
SHPs	State	Installed Capacity (MW)	Assured Energy (average MW)
CPFL Geração*			
Americana	SP	30.0	9.0
Buritis	SP	0.8	0.9
Capão Preto	SP	4.3	2.3
Chibarro	SP	2.6	1.7
Dourados	SP	10.8	7.8
Eloy Chaves	SP	19.0	12.2
Esmeril	SP	5.0	2.9
Gavião Peixoto	SP	4.8	3.8
Jaguari	SP	11.8	9.0
Lençóis	SP	1.7	1.7
Monjolinho	SP	0.6	0.3
Pinhal	SP	6.8	3.7
Salto Grande	SP	4.5	2.7
Santana	SP	4.3	2.9
São Joaquim	SP	8.0	5.6
Socorro	SP	1.0	0.6
Três Saltos	SP	0.6	0.6
Cariobinha	SP	1.3	0.0
Salto do Pinhal	SP	0.6	0.0
Ponte do Silva	MG	0.1	0.0
TPP	State	Installed Capacity (MW)	Assured Energy (average MW)
TPP Carioba	SP	36.0	10.7
Total		154.8	78.4
CPFL Sul			
Saltinho	RS	0.8	0.7
Pirapó	RS	0.7	0.6
Andorinha	RS	0.5	0.5
Guaporé	RS	0.7	0.6
PCH Diamante	MT	4.2	1.8
Total		6.9	4.2
CPFL Jaguariúna		Installed Capacity (MW)	Assured Energy (average MW)
Lavrinha		0.3	
Macaco Branco		2.4	
Pinheirinho		0.6	
Rio do Peixe I		3.1	
Rio do Peixe II		15.0	9.0**
Santa Alice		0.6	
São José		0.8	
São Sebastião		0.7	
Turvinho		0.8	
Total		24.3	9.0
Grand Total ***		185.9	91.6

Includes Carioba Thermoelectric Plant (TPP).

** 8.97 average MW subject to Brazilian Mines and Energy Ministry approval.

*** CPFL Geração, CPFL Jaguariúna and CPFL Sul.

CPFL GERAÇÃO AND CENTRAIS ELÉTRICAS DA PARAÍBA S.A. (EPASA)* PARTNERSHIP

Project	Construction of two fuel oil thermoelectric plants
Total capacity (MW)	342.0
Assured energy	247.8
CPFL Geração	- Share (%): 51.0 - Installed capacity (MW): 174.2 - Assured energy (average MW): 126.5

*December 2010 saw the operational start-up of TPP Termonordeste with installed capacity of 87.11 MW (part of CPFL Geração).

CPFL BIOENERGIA AND BALDIN ENERGIA S.A. PARTNERSHIP

Project	Construction of a TPP fired by sugarcane biomass (bagasse)
Total capacity (MW)	45
Assured energy	12.8 (average MW)
CPFL Bioenergia	Share (%): 100

PLANTS LOCATED IN THE STATES OF SÃO PAULO, RIO GRANDE DO SUL, SANTA CATARINA, GOIÁS, TOCANTINS AND MINAS GERAIS

	2008	2009	2010
Capacity (MW)	1,704	1,737	2,309
Assured energy (average MW)	862	864	1,157
In operation			
Hydroelectric power plants (HPP)	7	7	8
HPP in construction	2	1	0
Small hydro plants (SHPs)	33	33	34
Under construction			
HPP	1	1	0
Thermoelectric	-	4	5
Wind farms	-	7	8
Market share (%)	2	2	2.1

Note: covers the captive market.

Total capacity of generation assets in development is 640.1 MW.

PROFILE OF THE ELECTRIC ENERGY GENERATION BUSINESS

MAIN RESULTS	2008	2009	2010	2010 / 2009 (%)
Investments (R\$ million)	502	599	645	7.7
Gross Operating Revenue (R\$ million)	843	940	1,193	26.9
EBITDA (R\$ million)	622	742	809	9.0
Net Income (R\$ million)	230	338	262	22.5



Find out more>>

CPFL Energia Profile: <www.cpfl.com.br/QuemSomos/Institucional>

PROFILE OF THE COMMERCIALIZATION AND SERVICES BUSINESSES

GRI
2.1|2.2|2.3|2.5|2.7
2.8|3.8

COMMERCIALIZATION

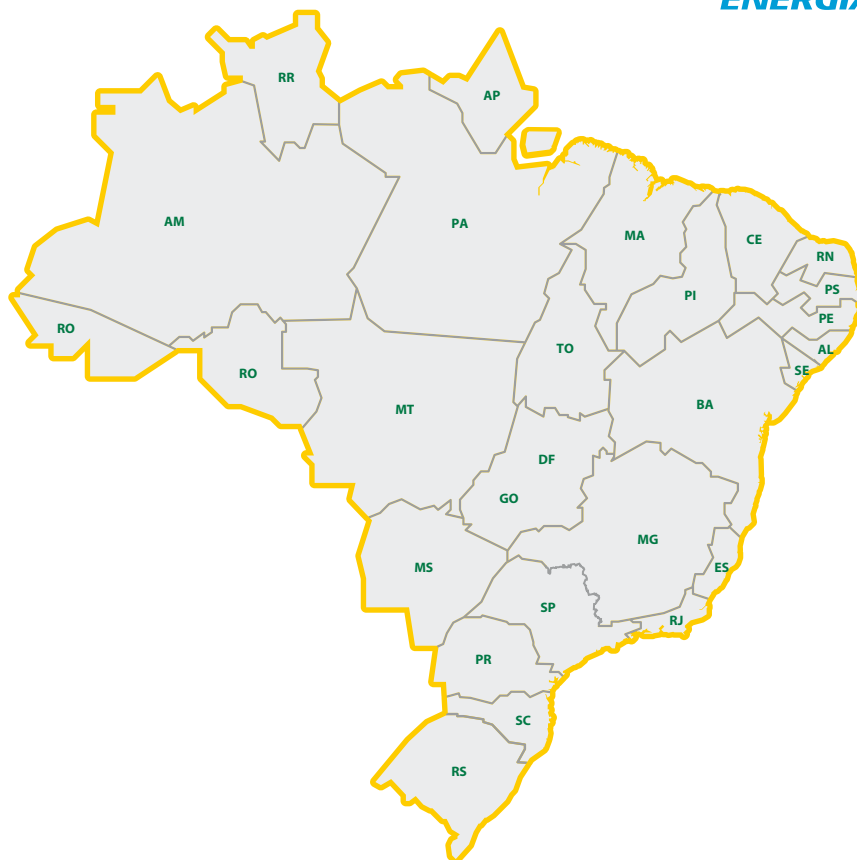
CPFL Brasil
CPFL Cone Sul
CPFL Planalto
CPFL Meridional

SERVICES

CPFL Serviços
CPFL Brasil
CPFL Atende

OPERATIONS MAP

COMMERCIALIZATION AND SERVICES



ACTIVE THROUGHOUT BRAZIL			
MAIN RESULTS	2008	2009*	2010
Free market customers	76	74	129
Market share (%)	20	20.8	16
Energy sales on the free market*	8,904	10,243	13,000

*Includes commercialization/generation (excluding the CPFL Group).

ELECTRICITY COMMERCIALIZATION BUSINESS SUMMARY				
	2008	2009	2010	10/09* (%)
Gross Operating Revenue (R\$ million)	2,090	2,026	1,991	- 1.7
EBITDA (R\$ million)	304	298	308	3.4
Net Income (R\$ million)	217	211	206	- 2.4

*Figures relating to 2010 and 2009 include the captive market and the free market for generation (excluding the CPFL Group). Other years include the captive market and free market. TUDS is not considered in any period.

PROJECTS UNDER CONSTRUCTION

SUGARCANE BIOMASS THERMOELECTRIC POWER PLANTS (TPP) – 100% CPFL BRASIL

BIO BURITI S.A.

Location	Buritizal (state São Paulo)
Total capacity	50 MW
Assured energy	21.02 average MW
Operational start-up	2Q11 (forecast)

BIO IPÊ S.A.

Location	Nova Independência (state of São Paulo)
Total capacity	25 MW
Assured energy	8.4 average MW
Operational start-up	2Q11 (forecast)

BIO FORMOSA S.A.

Location	Baía Formosa (state of Rio Grande do Norte)
Total capacity	40 MW
Assured energy	16 average MW
Operational start-up	3Q11 (forecast)

BIO PEDRA S.A.

Location	Serrana (state of São Paulo)
Total capacity	70 MW
Assured energy	24.42 average MW
Operational start-up	2Q11 (forecast)



Find out more>>

CPFL Energia Profile: www.cpfl.com.br/QuemSomos/Institucional

▶ **Strategic management**

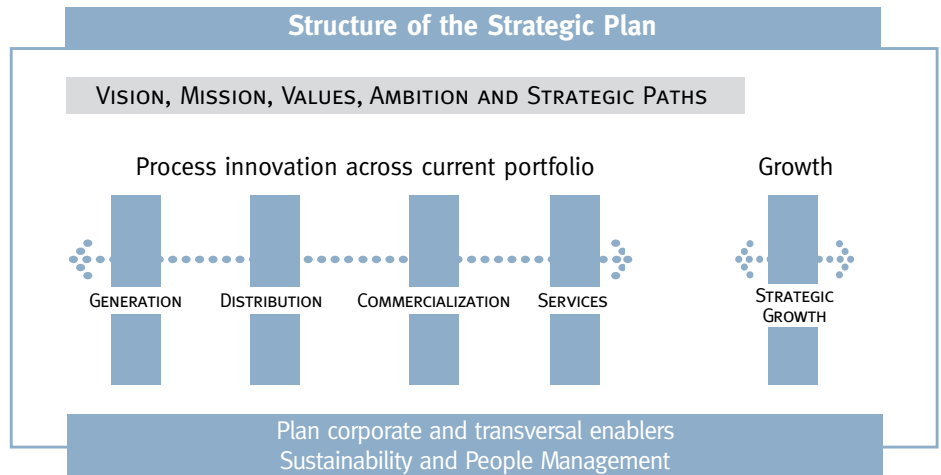
STRATEGIC MANAGEMENT

GRI
1.1 | EC2

All of CPFL's business segments take part in the Group's strategic planning process, conducted annually to ensure it is always relevant to the organization's current business scenario. Lasting around four months and involving employees from all departments, this process outlines the strategic initiatives which will guide the company's operations for the following five years. The fundamental premise of the planning

process is that value creation should be based on growth, excellence of processes and practices, innovation and the distribution of positive results in society.

For the 2011/2015 cycle, CPFL's main corporate goal is to consolidate leadership in the Brazilian electric sector with the creation of above average shareholder value (TSR), to be achieved through process innovation and corporate growth.



CPFL Energia Estratégia CPFL Energia

Estratégia CPFL Energia

Este espaço foi criado para você entender melhor sobre as diretrizes estratégicas e porque elas afetam a maneira como conduzimos nossos negócios.

Tudo o que está aqui tem relação direta com as atividades e ações que você exerce na sua área.

É por isso que o planejamento estratégico diz respeito a toda a empresa.

Atingir os objetivos estabelecidos depende de todos nós.

Distribuição	Geração	Comercialização	Serviços
Ser referência em eficiência operacional, com evolução tecnológica e otimização de processos e criação com criação de valor.	Aumentar nossa capacidade instalada, através de projetos de UHE, fontes alternativas e híbridas, além de ressaltar as fontes de potencial futuro, solar e eólica.	Mantém nossa atual posição de liderança aumentando o volume de energia disponível.	Ampliar nosso portfólio de serviços, expandindo a novos mercados e fidelizando nossos clientes.
leia mais 1	leia mais 2	leia mais 3	leia mais 4

Navegue pelo Portal e conheça como funciona o processo de definição da estratégia na CPFL.



To ensure that all employees were able to contribute toward the Company's ambitions, a series of meetings was arranged for each business segment– the purpose being to analyze scenarios and identify value creation opportunities over the coming five years. In addition to this, the 2011 - 2015 strategic plan will adopt a blog format and be included in the Intranet system, thus providing all employees the opportunity to contribute and get to know the Company's guidelines as well as clarifying any doubts on corporate direction. In this context, the key challenges of each business were agreed and fine-tuned, as well as a series of around 50 innovation and corporate growth initiatives which will assist management units in making a contribution toward achieving a return on invested capital superior to the market average.

These initiatives will be implemented over the course of the 2011/2015 planning cycle, with activities planned in the following business areas:

- ▶ Innovation in management and value creation processes: take operating efficiency to the next level and guide the Group toward exploring innovation for value creation;
- ▶ Business growth (acquisition and organic growth): consolidate position in distribution, lead growth in generation from renewable sources;
- ▶ Promoting business sustainability: manage strategically the long-term sectoral agenda and guarantee sustainable business development.

Based on these meetings, the following challenges and commitments for CPFL Energia's business management units were proposed:

Generation

- ▶ Increase capacity using a mix of sources defined according to available opportunities;
- ▶ Lead in renewable sources – biomass, SHP and wind;
- ▶ Assess participation in A-5 auctions with the aim of achieving a significant share in HPP projects;
- ▶ Monitor profitable opportunities in thermal plants.
- ▶ Actively monitor and effect pilot projects using sources with future potential (solar and waste-to-energy, for example).

Distribution

- ▶ Lead in operating efficiency, invest in technology and performance management to surpass existing levels of achievement;
- ▶ Consolidate leadership in distribution, seeking increased market share with value creation.

Commercialization

- ▶ Aim to maintain leadership in the segment by commercializing electricity from current assets and projects still to be constructed;
- ▶ Optimize commercialization processes for the whole Group.

Services

- ▶ Expand portfolio for provision of services and projects a suitable levels of profitability;
- ▶ Extend services to new markets.



CPFL ENERGIA MANAGEMENT FOUNDATIONS

CPFL Energia’s strategic positioning is directly linked to its Vision, Mission and Principles. It has an ongoing commitment to generate value in all its operations and contribute to the development of society as a whole.

GRI
4.8

Vision

“Energy is essential for people’s well-being¹ and for the development of society². We believe that the sustainable production and use of energy³ is vital for the future of humanity.”

► ¹Energy allows the use of technologies which provide people with satisfaction and comfort by meeting the majority of their needs, from the most basic, such as housing, health, nutrition, transportation and security, to the most complex, such as education, entertainment and communication.

► ²The concept of social development goes beyond the responsibilities inherent in the Company’s businesses; it means understanding this responsibility in a wider sense, and using an integrated, inclusive and interdependent vision to contribute to raising standards of production, education, health, security, quality of life and human

development. In this sense, all corporate activities should take into account their potential for creating value for society.

► ³The durability of our business and the future of humanity increasingly depend on the balance between a search for economic gain and the ability of society and nature to support growth. We believe that the integration of these variables in the production and use of energy contributes to a lifestyle that avoids social and environmental inequality, and creates a society that is safe, balanced, healthy and enjoyable to live in.



Mission

“To provide sustainable energy solutions¹, competitively and with excellence², in a manner that is integrated with the community³.”

► ¹By providing sustainable energy solutions, we are declaring that we are not just committed to providing electricity generation, distribution, commercialization and services. Our commitments also extend to our expertise in integration and innovation, providing our markets with greater service customization and speed in meeting their needs and expectations.

► ²‘Competitively and excellence’ describes the CPFL Energia Group’s way of acting: a search for differentiation and a superior standard of performance in all activities and initiatives. Our positioning as market leader, recognized for operating efficiency and superior governance practices, is essential to our strategy of growth and the long-term survival of our businesses in Brazil’s captive and free electricity markets, and to remaining an attractive proposition to the capital markets.

► ³We recognize that our organization is a living entity and an integral part of a complex ecosystem. Our success depends on the quality of our relationships and the contribution of all the stakeholders with whom we interact, and in particular, the communities that we serve.

GRI
4.8

BUSINESS PRINCIPLES

The professional values that direct all of CPFL's business conduct are:

Value Creation

The CPFL Group creates value in everything that it does. It exists for this reason: to create value for its shareholders and the stakeholders with whom it interacts.

Commitment

To ensure that our corporate actions and professional conduct mirror, faithfully and transparently, the ongoing commitment to complying with CPFL Energia's Principles and Ethical Guidelines and with the contracts, obligations and agreements with our stakeholders.

Security and Quality of Life

To act permanently toward controlling and minimizing the risks associated with our work processes, products and services and to assure the integrity and the physical and mental wellbeing of our stakeholders, in environments that encourage co-operation, cohesion, the spreading of knowledge and professional and human development.

Austerity

CPFL views austerity as a business principle of high ethical value, which should guide all the Group companies' actions. Consequently, all material and financial resources should be used sparingly without excess or wastage, i.e. in a rational and sustainable manner and to the extent of their utility in achieving corporate goals.

Sustainability

To be concerned with the future consequences of our actions and decisions, se-

eking always to control and avoid risks that could threaten the longevity of the CPFL Group, as well as any consequences that have not been negotiated with the communities where we operate and with other stakeholders.

Trust and Respect

To establish and maintain relationships of trust based on loyalty, respect and balance between our own interests and those of our stakeholders.

Exceeding goals

To believe that everything is susceptible to improvement and can be implemented in an innovative way that transcends market paradigms and exceeds the expectations of all stakeholders; constantly seeking apparently unattainable challenges.

Entrepreneurial Spirit

To make each CPFL employee an agent of change who constantly seeks to establish competitive advantages in his field of activity; is always alert to trends before they become commonplace; has a pioneering spirit; masters new knowledge, processes and technologies; and develops a strong sense of ownership in relation to his duties and responsibilities in the CPFL Group.

GRI
4.8

ETHICAL PRINCIPLES

Moral values which should guide thoughts and attitudes in any situation where an employee is representing CPFL Energia are:

Honesty and integrity in relationships

The relationship which CPFL Group companies enjoys with its different stakeholders is based on honesty and integrity. This means that decisions in CPFL Group companies should always include an ethical assessment. Practices should be compatible with the Company's values. It is this that helps build long-lasting relationships based on trust.

Transparency and veracity of information

In the CPFL Group all business processes should be guided by transparency and a search for veracity of information supplied to partners. Only in this way can the credibility required for the Company's business development be obtained.

Respect and dignity in treatment of people

The CPFL Group demands that in all relationships, both internal and external, people be treated with dignity and respect. This is how the Company should be seen: as an organization where people always feel respected.

Management of the risks posed by our activities

The CPFL Group has an ongoing concern for the impact of all its actions and decisions on its stakeholders. We permanently manage the risks related to the Group's businesses and always remind ourselves that the companies' future depends on the decisions that are being taken today.

Commitment to the future of the world: quality of life for future generations

The CPFL Group takes the future of the world very seriously. The fact that we use scarce and finite resources makes us aware that the future of our companies depends on the quality of the environment. CPFL is committed to environmental preservation and to carrying out ongoing and rigorous assessment of the consequences of all its programs and operations on the quality of life for future generations.

Commitment to the Brazilian development agenda

Operating as it does in a strategic sector for Brazil's development, CPFL endeavors to align its corporate strategy with the national development agenda so as to contribute to the growth of the country, to the economic and social development of the communities where it operates, and to individual wellbeing.



ORGANIZATIONAL ABILITIES

Qualities that CPFL Energia values in its professionals:

Innovation

The ability to create and provoke changes in current processes and/or business standards that result in value creation for the Company.

Vision of the Future

The ability to create and recommend strategies based on a solid grasp of social, political, economic and regulatory contexts, local as well as global, with a view to both generating value and maximizing return on investments, and to identifying, developing and integrating new businesses.

Entrepreneurial Spirit

A spirit that explores business prospects and possibilities (products, services and solutions) with vigor, showing tenacity in their pursuit and viewing a lack of success as an opportunity for learning. The CPFL professional is bold and determined in the search for superior results, and consciously assumes risks.

Focus on Results

An ability to obtain results and overcome challenges so as to guarantee the achievement of the goals that have been set. This involves action planning, monitoring performance indicators and observing the variables of safety, cost, quality and timing.

Commitment to Value Creation

Drafts consistent plans including analysis of current and future situations, assuming calculated risks and taking decisions which guarantee the achievement of strategic objectives, and profitable and sustainable growth for CPFL.

Commitment to Sustainability

Takes ethics and transparency into account in activities and relationships with stakeholders, prioritizing the continued existence of the business and society, and the preservation of natural resources. Actions are based on CPFL's principles and values, applicable legislation, the responsibilities imposed by certifications, and a commitment to future generations, so as to promote the sustainable growth of CPFL and society as a whole.

People Management

A determination on the part of the manager to develop people's potential with an aim to sustaining and developing the Company. He understands the abilities and attitudes necessary to attract, retain and develop professionals aligned to CPFL's requirements, values and culture. Commands a high level of respect from people and creates an environment favorable to the personal and professional realization of all team members.



Inspiring Leadership

Earns commitment and motivation from teams by combining demands with a degree of sensitivity. Inspires through personal example, transparency and by simple and direct communication which highlights goals and the paths to their achievement. Understands that skilled teams and leaders are key to the success of the Company's business.

Passion for Winning

Has a passion for challenges and faces them tenaciously. Is engaged with the cause of the Company, the business and co-workers, always seeking more and going the extra mile. Constantly seeks to exceed goals and give the best of himself. Takes pleasure, passion and pride in what he does, and conveys these feelings to those around him.

Focus on the Customer

Gains and retains internal and external customers through delivery of high value added products and/or services; efficient, cordial service; and an ethical, transparent approach.

Excellence in Processes

Seeks continual improvement and excellence through ongoing monitoring of indicators of performance and improvement in processes.

QUALITY MANAGEMENT

GRI
EN14

Quality and excellence are in CPFL Energia's DNA and are thus the basis its competitive through the provision of high quality service to its residential, commercial and industrial customers. By aligning itself to benchmarks for best market practices, the Company seeks to ensure that the constant pursuit of quality improvements is an integral element of the services it provides.

To enable all its subsidiaries to adopt excellence criteria in their management models, the Integrated Management System (IMS) has been developed. This covers standardization and certification of the major work processes in these areas: quality (ISO 9001), environment (ISO 14001), occupational health and safety (OHSAS 18001), social responsibility (SA 8000) and information security (ISO 27001). Certifications of process

quality offer transparent evidence of the Company's excellence in the market.

The subsidiary companies' adherence to the IMS contributes to improvements in operating efficiency and allows gains through synergies. The IMS is subject to ongoing monitoring, including periodic audits conducted by external organizations which allow any necessary improvements to be implemented in an efficient manner. It has already been installed in CPFL Paulista, CPFL Piratininga, CPFL Geração and RGE.

2010 HIGHLIGHTS

RGE obtained recognition from the National Quality Foundation (FNQ) as a finalist for the National Quality Award (Prêmio Nacional da Qualidade® - PNQ) 2010. In 2009, CPFL Piratininga won the PNQ while RGE was an award finalist.

PNQ

The Management Excellence Model (MEM) was implemented at the CPFL Paulista, CPFL Piratininga and RGE distribution companies.

In 2010, the 6 Sigma strategy was upgraded at CPFL Paulista, CPFL Piratininga, CPFL Brasil, CPFL Geração and RGE. The 6 Sigma strategy is a methodology that allows identification of opportunities for improvement and reduction of losses in work processes. A full list of subsidiary companies and their respective process certifications can be found on our website <www.cpfl.com.br>.



CERTIFICATIONS



CPFL PAULISTA

CERTIFICATION	ACTIVITY
ISO 9001, OHSAS 18001, SA 8000	Electricity distribution and commercialization
ISO 9001	Electricity consumer call center service
ISO 9001	Electricity transmission systems operations
ISO 9001	Compiling of information, processing and calculation of technical and commercial indicators of electricity supply quality
ISO 14001	Coexistence between urban electricity distribution networks, the environment and electricity transmission services

CPFL PIRATININGA

CERTIFICATION	ACTIVITY
ISO 9001, OHSAS 18001, SA 8000	Electricity distribution and commercialization
ISO 9001	Compiling of information, processing and calculation of technical and commercial indicators of electricity supply quality
ISO 14001	Coexistence between urban electricity distribution networks, the environment and electricity transmission services

CPFL GERAÇÃO

CERTIFICATION	ACTIVITY
ISO 9001, ISO 14001, OHSAS 18001, SA 8000	Hydraulic power generation
ISO 9001	Operation of the electricity generation system

CPFL Brasil

CERTIFICATION	ACTIVITY
ISO 9001	Project design, development and commercialization of added value electricity services

RGE	
CERTIFICATION	ACTIVITY
ISO 9001, OHSAS 18001, SA 8000	Electricity distribution and commercialization
ISO 9001	Electricity consumer call center service
ISO 9001	Electricity transmission systems operations
ISO 9001	Compiling of information, processing and calculation of technical and commercial indicators of electricity supply quality
ISO 14001	Coexistence between urban electricity distribution networks and the environment
ISO 14001	Electricity subtransmission services

CPFL SANTA CRUZ	
CERTIFICATION	ACTIVITY
ISO 9001	Data analysis and calculation of electricity distribution performance technical indicators

CPFL LESTE PAULISTA	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL

CPFL JAGUARI	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL

CPFL SUL PAULISTA	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL

CPFL MOCOCA	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL

CPFL ENERGIA	
CERTIFICATION	ACTIVITY
ISO 9001	Risk management and assessment of internal controls for Financial Statements
ISO 27001	CPFL Energia's Data Center information security management system, including infrastructure control, operation, monitoring and maintenance services, located at Rodovia Campinas – Mogi Mirim, km 2,5 – Campinas (São Paulo state)

ETHICS MANAGEMENT AND DEVELOPMENT SYSTEM

GRI
SO1 | SO2 | SO3 | HR4

CPFL Energia always seeks to conduct its business relationships with its stakeholders on an ethical basis so as to ensure their perpetuation. Since 2001, when CPFL implemented an ethics management and development system and published the first version of its Code of Ethics and Corporate Conduct, it has made significant progress in this area.

During 2010 CPFL Energia took further steps to enhance its Ethics Management and Development System (EMDS) in line with its goal of continually improving its processes. Over the year, ten meetings of the Ethics Committee were held. At these sessions, the “Care and Diligence in System Access Identification Summary Guide” was prepared, and then published on the Company’s portal. Improvements were also made to processes for answering queries from the Access Channels. In addition, the Ethics Committee and compliance departments suggested changes to procedures for fine-tuning control processes.

The EMDS possesses a range of mechanisms to disseminate and apply the Company Code, and thereby strengthen the propagation of ethical principles among all CPFL employees. Among these are the Access Channels, including the Ethical Conduct Channel, which exists to answer ethical queries and is available for both internal and external stakeholders. There is also the Code Dissemination and Induction Program, available to employees of all CPFL Energia Group companies, suppliers and partners;



the Ethics Network, formed of a group of employees from different departments to offer support and assist the management and development of ethics at the Group in their respective units and regions; the Ethical Consultancy, a channel for consultation, clarification and, when required, advice on ethical doubts and conflicts; and finally, the Ethics Network Portal, an interactive, virtual resource on ethics at CPFL, providing employees with access to the main guidelines of the EMDS in the CPFL Group.

As the subject of ethics is constantly evolving, the Code is periodically updated through cycles of seminars conducted by philosophers and instructors with the aim of embedding the topic of ethics among employees and collecting contributions for future versions of the document. In this way, CPFL Energia is constantly able to incorporate changes in society and its organizational structure into the Code.



Find out more>>

The CPFL Energia Group’s position on ethics and a printable version of the Company’s Code of Ethics are both available with open access on the Ethics Network portal at: <http://www.cpfl.com.br/etica>.

- ▶ In 2010 the Ethics and Corporate Conduct Committee assessed 41 reports received from the Ethical Conduct Channel, among which there was no registered case of discrimination.
- ▶ Ethical Consultancy, a virtual channel where a specialist consultant clarifies ethical doubts, received 65 enquiries in 2010.
- ▶ Handling of three internal, 16 external and 22 anonymous enquiries received by the Ethics Committee concerning the Code of Ethics.
- ▶ Summaries and references of institutional conduct were written and circulated.
- ▶ The Committee was formed of seven members, including one representing civil society.
- ▶ A clause covering any infringement of the CPFL Energia Code of Ethics was used in service provider contracts;
- ▶ Activities of the Ethics Committee posted on the CPFL Energia News Portal.

ETHICS AND CORPORATE CONDUCT COMMITTEE

GRI
4.9 | SO2

The Ethics and Corporate Conduct Committee maintains, promotes and furthers a culture of ethics within the organization. Its functions include examining suggestions, complaints and allegations as to infringements of the Code of Ethics from the Company's stakeholders. In 2010, the Ethics Committee received and handled 41 enquiries – 3 internal, 16 external and 22 anonymous. The Ethical Consultancy, a channel for consultation, clarification and, where necessary, advice on ethical doubts and conflicts, handled and responded to 65 enquiries. In 2011, a report will be produced on the basis of enquiries received by the Ethics Access Channel and the Ethics Consultancy, so as to highlight any possible ethical shortcomings in the organization. This document will be used to formulate an action plan and also to revise the Code of Ethics.

The Committee of Ethics and Corporate Conduct also arbitrates in any conflict, makes its decisions public, regularly updates senior management on the course of its actions and forwards information and recommendations to the Corporate Governance division annually, for updating the control mechanisms required by the Sarbanes-Oxley Act (SOX). The corporate responsibility and sustainability programs are presented half-yearly to the Ethics and Corporate Conduct Committee, which monitors and assesses activities.

The handling of allegations involving whistle blowing extends up to and includes the Company's senior management. The Board of Directors may become involved if the allegation involves one of the statutory Executive Board members.

INDUCTION IN THE CODE OF ETHICS FOR COMPANIES NEW TO THE GROUP

One of CPFL Energia's greatest concerns in the ethical field is that new Group businesses should immediately become aligned with the Code of Ethics and Corporate Conduct. The Group also makes efforts to reinforce ethical principles among new and old Company employees.

In 2010, the Access Channels (linked to the Ombudsman, they clarify doubts for both internal and external audiences and also act as a confidential and anonymous channel in the case of whistle blowing with respect to infringements of ethical conduct) and the Ethics Network Portal were promoted through the CPFL News Portal, an internal communication resource for all employees.

These actions seek to promote the legitimization, fulfillment and improvement of the Code of Ethics, in addition to the clarification and anticipation of doubts in order to minimize the employment of corrective measures. In 2011 the induction program for new employees will be restructured to include a specific module on the Code.

ETHICS IN THE SUPPLY CHAIN

GRI
EC6 | HR6 | HR7

The CPFL Energia's Ethics Management and Development System is not restricted to the internal audience and to the management body. It reaches the Company's entire relationship network. In this chain, suppliers are an important element in the way the theme is handled.



An essential value for its business longevity, the issue of ethics is taken very seriously by CPFL and is not confined merely to its employees and subsidiary companies. With its operations spanning a wide range of fields, the Company also makes efforts to disseminate ethical principles through its relationship network and in particular, among suppliers, who have been taking part in periodic meetings with company employees since 2002.

In 2010, CPFL held the 4th edition of the annual CPFL More Value Award, which assessed the performance of 298 of the Group companies' suppliers of materials and services and selected 46 companies that best demonstrated excellence in their processes. By examining the performance of suppliers against a range of criteria such as quality, punctuality, safety, respect for the environment and social responsibility, this award encourages our partners to adopt the best sustainable practices. Since 2009, CPFL has awarded the winning company in the Highlight of The Year category a complete consultancy service for improving corporate management, entitled Assisted Auto-Evaluation (AAA) from the National Quality Foundation (FNQ).

The Value Network is another tool for encouraging the spread of ethical principles along the supply chain. It is a suppliers' forum that aims to promote debate on the main dilemmas faced by companies in the sustainability management field, including those concerning ethics and the fight against corruption. In 2010, CPFL Energia held a further meeting of this initiative, helping some companies to per-

fect their ethical conduct. Landys+Gyr, an electricity meter supplier, replicated this CPFL initiative in 2008 and ever since, has been developing its own Value Network program among its service providers.

In addition to these direct initiatives involving its partners, CPFL aims to ensure that its corporate values are shared with its supply chain through clauses in contracts concerning compliance with the Code of Ethics and Corporate Conduct and Social Responsibility standard SA 8000, more particularly the campaign against child labor and the use of forced or tantamount to slave labor. Service provider contracts also contain an exclusive clause regarding the Code of Ethics in hiring processes, so that the Code can also be communicated to their employees, agents, representatives and subcontracted workers.

A specialized contact center and Electronic Portal are available for suppliers of the CPFL Energia Group. All information relating to contracting processes, supplier management and their respective Codes of Conduct is available online at <https://suprimentos.cpfl.com.br>



INTANGIBLE ASSETS

This is a set of assets that adds value to the businesses and permits identification, the legal existence, specification of useful life and transferability.

Brand, human capital, intellectual property rights, infrastructure and the technology invested in them are some of the assets identified by CPFL Energia, and they differentiate the Company in the eyes of clients, related parties and consumers.

As a result of recognizing that its intangible assets are an integral part of its capital and constitute a significant strategic differential, CPFL implements all the required conditions for their development and protection. The enhancement of intangible assets is supported by the identification and incorporation of new technologies - largely the outcome of Research & Development projects - and by professional training systems, technical visits, availability of technical and management publications in the library as well as ongoing contact with suppliers.

Intangible assets are maintained for the Company's use and ownership by establishing norms and procedures, labor registration and instructions, policies, information systems and care for library assets. The Intellectual Property Rights Policy

ensures the protection of intangible assets and prohibits the commercialization and/or disclosure of these projects or inventions by any employee without the appropriate authority. Those responsible for the projects, the Special Projects Division (SPD) and the Legal Department, are accountable for establishing and examining copyrights and patents.

Among the most important intangible assets, the attraction and retention of human talent contributes toward the Company's strength and the execution of its growth strategies. In view of this, the Company seeks to employ the best personnel management practices. CPFL Energia established its Corporate University in 2008, an initiative that aligns learning with strategy and with business goals, and offers qualifications and required skills to all levels of employee.

The key strengths and weaknesses of the Company's intangible assets are identified during the annual strategic planning cycle, which provides opportunities for improvement and for alignment with the new

STRATEGIC MANAGEMENT

IDENTIFICATION OF INTANGIBLE ASSETS		
ASSETS	CHARACTERISTICS	EVALUATION METHODS
CPFL Energia Brand	<ul style="list-style-type: none"> • Tradition and strength of the CPFL Energia brand • Business portfolio with participation in three segments of the electricity sector • Solid customer base and attractive markets 	<ul style="list-style-type: none"> • Evaluation performed by a specialized consultancy • Monitoring of positive media coverage • Annual image survey • Monitoring of market and customer base
Human Resources	<ul style="list-style-type: none"> • Know-how and skills related to strategic abilities • High levels of productivity and motivation 	<ul style="list-style-type: none"> • Performance management system – Personal Value • Company Performance
Intellectual Property Rights	<ul style="list-style-type: none"> • Patents 	<ul style="list-style-type: none"> • Number and value of patents, and validity
Infrastructure	<ul style="list-style-type: none"> • Technologies developed for CPFL's specific use • Customized information systems with CPFL parameters <p>CCS: commercial operations support platform for customer service, billing, collection, charging and management of meter assets GISD: Integrated geo-referenced platform with data on electricity assets, to support the planning, engineering, design, operation and distribution maintenance operations</p>	<ul style="list-style-type: none"> • The value added calculation takes into account at least the expenditure of resources for installing information systems and technology

challenges set by the Company's strategic direction.

In December 2008 the CPFL Energia Group restructured its vision, mission and principles and established a new brand positioning. The following year, the brand manual and language guidebook were launched. In October 2010, the brand gained a voice through the "Much more than energy" advertising campaign, which

was run nationwide for three months on TV channels (open, pay and in-flight), weekly magazines and the internet, including a version for the iPad, aiming to present CPFL Energia to the whole country and increase knowledge of the Group among its numerous stakeholders, thereby incrementing its growth strategy.

POLICIES

The following Company policies guide its quest for management excellence:

QUALITY POLICY

"To promote the lasting satisfaction of our customers, shareholders, employees and partners through the continual improvement of our products and services."

ENVIRONMENTAL POLICY

"To provide energy services to society, paying complete respect to the environment, complying with environmental legislation, avoiding pollution and investing in continual improvements to the environmental performance of our activities."

HEALTH, SAFETY AND QUALITY OF LIFE POLICY

"To seek the permanent well-being of employees, by providing a healthy environment and safe working conditions in

line with the applicable safety and medical workplace legislation, identifying, anticipating, controlling and mitigating any risks that could lead to material or personal incidents or accidents, seeking continually to improve all our work processes and promoting quality of life."

CORPORATE RESPONSIBILITY AND SUSTAINABILITY POLICY

"To include issues of social responsibility and sustainability in the management of our businesses on a permanent basis, by aligning the economic, social and environmental impacts of the Company's activities with society's legitimate interests and in compliance with the applicable legislation."

COMMITMENTS

GRI
4.12 | SO2 | SO5

Aware of its role in society, the CPFL Energia Group understands that promoting sustainable development requires an active participation in issues concerning the future of Brazil and the world. As a result, it has entered into a series of domestic and international commitments which aim to improve quality of life in the world.



GLOBAL COMPACT

In December 2003, CPFL Energia became a signatory to the United Nations (UN) Global Compact and joined the Brazilian Global Compact Committee (CBPG). In 2010, the Company was an active player in ten meetings held by the organization, as well as being elected to join the current leadership group.



Find out more>>

You can learn more about the activities of the Global Compact and CPFL Energia's participation at www.unglobalcompact.org and www.pactoglobal.org.br



CARING FOR CLIMATE

In August 2008, CPFL Energia became a signatory of the United Nations Organization's *Caring for Climate* initiative. This aims to encourage companies worldwide to develop voluntary initiatives that go beyond the legal requirements of their countries and contribute to the global effort to combat the causes of climate change.



Find out more>>

You can learn more about Caring for Climate at www.unglobalcompact.org

OPEN LETTER TO BRAZIL ON CLIMATE CHANGE

CPFL Energia was part of the group of companies to write and sign the Open Letter to Brazil on Climate Change, which was then delivered to the federal authorities at an event in the city of São Paulo in August 2009. This public document contains a voluntary commitment from 22 private sector companies to build a low carbon economy, including monitoring emissions resulting from their production processes, and to integrate the issue in their strategic planning process, as well as innovating in processes and services.



CLIMATE FORUM

In 2010, CPFL Energia joined the Support Team for the Climate Forum Working Group, hosting a meeting of participants from 22 countries seeking to foster debate on the regulation of Brazilian policy with respect to climate change. The Company also took part in the process that created the Climate Forum's logo and visual identity.

In 2010 the Company also played an active role in the 16th UN Conference of the Parties on Climate Change (COP-16), which took place in December in Cancun, Mexico. This reflects its engagement with the worldwide movement to support a commitment to reduce carbon emissions and to contribute to a more sustainable and fairer society.

In 2011, CPFL Energia will support and take part in a further event to discuss the demands necessary for the functioning of the Brazilian Decree for Regulating Climate Change Policy and the establishment of better governance on climate change, among other issues.



Find out more>>

You can learn more about CPFL Energia's position on the environment by accessing our website at www.cpfl.com.br/sustentabilidade.



CORPORATE PACT FOR INTEGRITY AND AGAINST CORRUPTION

CPFL has been a member of the Corporate Pact for Integrity and Against Corruption since 2006. It aims to engage companies in combating all forms of corruption and establish guidelines for the relationships between organizations and the public authorities.



Find out more>>

Get more information on Clean Company at www.empresalimpa.org.br.



CORPORATE FRIEND OF THE CHILD PROGRAM

CPFL communicates this initiative of the ABRINQ Foundation for Child Rights to all its customers on their electricity bills. It aims to encourage companies to commit to the development and fundamental rights of children and adolescents through adherence to five commitments, which encapsulate the key principles of the Child and Adolescent Bill of Rights.



Find out more>>

You can find out more about the ABRINQ Foundation's programs at www.fundabrinq.org.br.



CORPORATE PACT AGAINST THE SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS ON BRAZILIAN HIGHWAYS

The Brazilian Federal Highway Police estimates that over 100 thousand children and adolescents are exploited sexually in the country, with more than 1,500 prostitution hotspots on nation's highways. In an attempt to change this situation, CPFL Energia became a signatory to this Pact, an initiative of the WCF (World Childhood Foundation). As part of their social responsibility programs, it requires companies to commit publicly to taking measures against the sexual exploitation of children and adolescents on Brazilian highways.

In October 2010 we hosted the 1st "In the Right Direction" ("Na Mão Certa") regional meeting aimed at the corporate sector within the Campinas metropolitan region and led by the group of corporate signatories of the initiative.



Find out more>>

You can find out more about the Pact by accessing the website www.namaocerta.org.br.



CAMPINAS COMMITMENT TO EDUCATION (CCE)

This initiative was taken in 2007 as a result of the nationwide **All for Education** movement, and aims to unite the public and private sectors, not-for-profit organizations and civil society through projects and programs for improving the quality of education in Brazil.

CPFL Energia took part in the constitution of the Commitment and is also represented on the Corporate Committee.



Find out more>>

To find out more about the initiative, go to www.compromissocampinas.org.br and www.todospelaeducacao.org.br.



CORPORATE MOVEMENT FOR THE CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY

CPFL joined this movement, signing this initiative's Letter of Commitment in 2010, reflecting the Company's belief that biodiversity depends directly on the quality of environmental services. The objective of the movement is to build a positive agenda for the conservation and sustainable use of Brazilian biodiversity, the preservation of which, together with rules for its sustainable use, is indispensable for the continued existence of the Company's own business.

► Risk Management



SYSTEMS FOR PREVENTING BUSINESS RISK

The CPFL Energia Group pursues financial and operating policies and strategies that seek to ensure the safety of their assets and employees and to control the impact of their business on society, the community and the environment.

To this end, the Group has established procedures for overseeing and managing operations and transactions to prevent, monitor and mitigate potential risk exposure. CPFL Energia's prevention systems and processes are as follows:

- ▶ Energy purchase market plan
 - ▶ Internal audit
 - ▶ Private pension plan
 - ▶ Insurance management
 - ▶ Prevention of operating risk
 - ▶ Environment
 - ▶ Irregular consumption
 - ▶ Hydrologic risks
 - ▶ IT security
 - ▶ Regulatory issues
-
- ▶ Corporate risk management
 - ▶ Prevention of financial risk
 - ▶ Compliance with the requirements of Section 404 of the Sarbanes-Oxley Act
 - ▶ Instruments used
 - ▶ Currency and interest risks on other liabilities
 - ▶ Foreign exchange rate risk on financial liabilities
 - ▶ Financial covenants
 - ▶ Credit

CORPORATE RISK MANAGEMENT

GRI
1.2 | 4.11 | SO2

CPFL Energia has a Risk and Internal Control Management Department which was created at the end of 2007 to promote the monitoring and coordination of risk management in corporate areas and business units and to ensure certification of internal processes and controls according to Brazilian and international standards. This process seeks to continually add value to the businesses by systemically verifying policies and strategies to keep them aligned with the CPFL Energia Group's corporate planning.

Since its inception, the Risk and Internal Control Management Department has performed work of critical importance, including: drafting of the Corporate Risk Management Policy, approved by the Board of Executive Officers and the Board of Directors; constitution of the Corporate Risk Management Committee - comprised of directors chosen to represent each management unit - and its internal charter; and drafting of the Corporate Risk Management model for the Group, with the support of international consultancies, covering Strategy (direction, Risk Map and treatment), Processes (planning, execution, monitoring and reporting), Systems, Organization and Governance.

Once the ideal model is established, the department performs an analysis of the

main corporate risks, in phases according to priority. Of the procedures involved in this work, highlights are:

- ▶ incorporation of the risk perspective in the Strategic Plan;
- ▶ consolidation of the Risk Map;
- ▶ periodic revision of the General Risk Evaluation manual (GRE);
- ▶ risk ownership as a responsibility of the executive directors;
- ▶ together with main business areas, risk modeling and development of key risk indicators (KRI);
- ▶ interaction with the principal management forums: Board of Directors, Management Processes Committee, Fiscal Council, CEO's Office, Board of Executive Officers, Corporate Risk Management Committee and management meetings;
- ▶ approval of risk limits by the Board of Directors.

CPFL Energia was audited at the end of 2010 by Bureau Veritas Certification – Brasil, which recommended its Quality Management System for certification in accordance with standard ISO 9001:2008, under the "Risk Management and Assessment of Internal Controls for Financial Statements" item.

Prevention of financial risk

GRI
1.2 | 4.11 | SO2

The Risk Management and Internal Controls Department and the CEO's Office are responsible for controlling the risks implicit in drafting and disseminating the financial statements using the systemic analysis of controls produced by the *Compliance* Division, which reports directly to them. Among the CPFL Energia Group's initiatives is the annual evaluation of the effectiveness of its internal controls structure for the principal business processes which significantly impact financial reporting, to ensure that such processes are functioning adequately.

In 2009, CPFL Energia published its Internal Controls Assessment Standard, under

which its guidelines for risk and control evaluation are aligned to the requirements of the Sarbanes-Oxley Act. The Standard covers the principal business processes of the holding company focused on the disclosure of financial reports and seeks to meet the requirements of CVM Instruction 480 published in December 2009, concerning the internal controls environment in relation to financial reporting.

The *Compliance* Division ran 1,029 tests on the internal controls of Group companies during 2010 covering a universe of 143 business processes. This work resulted in a recommendation for certification of the efficacy of the internal controls covering consolidated financial statements.

CPFL's *Compliance* practices also include the control self-assessment concept, which involves the Company's entire leadership and management in the analysis, assessment and remediation of the internal controls, including incremental certification of the business processes as they relate to financial statements.

INSTRUMENTS USED

Financial risk management is centralized at CPFL Energia and uses the instruments most frequently found in financial markets including the *Maps Risk* system, also used

by some of the largest banks in the Brazilian financial market. This model is used to manage financial risk through ALM (Asset and Liability Management) which, by means of VaR (*Value at Risk*) calculations, *Stress Testing* and *Duration Analysis* of the asset and liability portfolios of the CPFL Energia Group companies, establishes the level of financial risk in each transaction and implements methods for neutralizing or protecting against such risks.

Exchange rate and interest rate risks on other liabilities

GRI
1.2 | 4.11 | SO2

Some of CPFL Energia's power purchase agreements are indexed to the US dollar and therefore subject to exchange rate fluctuation. The Company manages this risk by monitoring the agreements entered into by its subsidiary companies.

The distribution companies are obliged by law to acquire energy from the Itaipu plant, with purchase costs fixed in US dollars. All distribution companies have the right to seek financial protection from currency losses through the CVA Parcel A Tracking Account Mechanism by resolution of the National Electric Energy Agency - ANEEL. This compensates companies for currency losses on energy purchases through the adjustment of electricity tariffs.

CURRENCY RISK ON FINANCIAL LIABILITIES

The CPFL Group protects its earnings and cash against fluctuations in the US dollar exchange rate through hedge transactions. This allows the Company's financial debt to always be indexed to Brazilian domestic indices. The holding company ended 2010 with no foreign currency debts.

FINANCIAL COVENANTS

CPFL Group companies' loan agreements, financing contracts and debentures include the restrictive financial covenants usual in this type of transaction, typically relating to fulfilling certain economic and financial ratios, cash generation, and others. These clauses do not represent any kind of limitation on the Company's ability to conduct its normal business activities.

CREDIT

The risk of loss through inability to collect from customers is low given the dispersed nature of the customer base as well as the company policy on collection and disconnection in the event of non-payment.

Planning for energy purchases

GRI
1.2 | 4.11 | SO2

CPFL Energia's subsidiary companies apply a series of solutions and strategies to minimize the risk of legal penalties. These measures also offer further possibilities for adding value to the businesses against the backdrop of the challenges presented by the Electric Sector New Institutional Model, particularly those linked to the purchase of energy in the captive market. The CPFL Energia Group's distribution companies have constructed mathematical optimization models to:

- ▶ minimize the risk of over- or under-contracting energy needs, reflecting the intrinsic uncertainties in the obli-

gatory five-year consumer market projections made by distributors;

- ▶ reduce the total cost of energy purchases;
- ▶ develop the best strategies for acquiring energy in regulated energy market auctions, based on a range of projected demand scenarios constructed in such a way as to incorporate all sectoral and macroeconomic variables affecting electricity demand.



Internal Audit

GRI
1.2 | 4.11 | SO2

The Internal Audit, which reports to the Board of Directors, uses a risk-based methodology to evaluate the main business and operating processes. It aims to ensure alignment between corporate guidelines and shareholder and management strategies. Another function of the Internal Audit is to stimulate development and improvement in corporate processes, risk control and the Company's results. Their work involves evaluating the following:

- ▶ suitability and efficacy of operations;
- ▶ economic efficiency in the use of resources;
- ▶ integrity and reliability of information, registers and systems;
- ▶ adherence to policies, objectives, plans and procedures;
- ▶ compliance with applicable laws, norms and regulations.

Private pension plan

GRI
1.2 | 4.11 | SO2

The CPFL Group uses specific tools to mitigate any risks of deficits in the employee pension plans managed by the CESP Foundation. Management of these risks is fundamental to the plans' financial equilibrium and ensuring employee security and peace of mind.

The Investments and Pension Management Committees monitor management of the pension plans, and are formed of personnel from the Finance Department and

other areas, as well as plan members and beneficiaries. It is the Committees' responsibility to assess and analyze the investment policy for the pension plans, CESP Foundation investment recommendations and overall management of the plans.

Results of the committees' work are communicated monthly and the Management Committees and the operations team of the CESP Foundation meet quarterly to review strategies and limits.



Insurance Management

GRI
1.2 | 4.11 | SO2

CPFL Energia has established guidelines for the management of insurance policies defining measures needed to protect company assets from the risk of accidental losses that might undermine returns.

A senior insurance specialist is responsible for the insurance management guidelines.

GRI
1.2 | 4.11
SO2 | EU21

Prevention of operating risk

The Environmental Management System (EMS) provides a control framework for activities and supplies guidance on operating processes for electricity distribution and generation. These processes adhere to the requirements of the respective environmental certifications in force and meet environmental legislation standards.

CPFL Energia and its subsidiary companies possess formal documents containing guidelines for managing the main environmental impacts posed by their operations.

ENVIRONMENT

Detailed environmental impact studies are prepared for each of CPFL's new projects at the planning stage and the Company supervises the implementation and operation of the environmental programs. This enables it to comply with all issues raised in connection with the environmental licensing of its projects ensuring that impacts are mitigated or compensated at both implementation and commercial operation stages.

The operating procedures to be followed in case of emergency at any of CPFL Energia's hydroelectric plants are described in its technical guidelines. This document is designed to safeguard CPFL's assets and those of third parties located downstream from its hydroelectric plants so helping to avoid or reduce any possible environmental impact in the spheres of influence of its generating assets.

The document also seeks to provide the organizational, administrative and operational flexibility needed to mobilize the necessary resources for successfully dealing with exceptional situations and to facilitate contact between the plant's operating units. Additionally, it ensures proper communication with those public bodies and organizations responsible for protecting people and property.

IRREGULAR CONSUMPTION

CPFL Energia's subsidiaries detect irregularities in electricity meter reading via a management system that permits targeting of consumers for inspection by specialized teams. In cases where the irregularity is confirmed as fraudulent, the consumer is billed for the relevant amount, with repayment in installments being allowed. This procedure ensures that CPFL Energia meets its objective of treating all customers equally, ensuring that the consumer is only held responsible for the electricity actually consumed.

HYDROLOGIC RISKS – ENVIRONMENTAL PERMITTING REGULATIONS(EPR)

In order to create a balance between supply and demand, Brazilian electric sector regulations have introduced the assured energy concept, establishing a production control equation for each generating source. The objective is to avoid the hydrologic risks inherent in hydroelectric generation. Under this concept, power generation revenue is calculated according to the volume of power supply each plant will have to offer, and not simply on the basis of installed capacity or volume of power actually generated.

The governmental conceding body stipulates a plant's assured energy at the concession or authorization stage and this is enshrined in an energy commercialization certificate - irrespective of the volume of power actually generated -and determined by the National Electricity System Operator (ONS) based on systemic conditions. Therefore, if a hydro plant is generating electricity below its Assured Energy level, other plants in the system can release their excess to offset the shortfall. However, a plant that generates in excess of its assured energy will receive additional revenue to cover the correlated costs only.

Information technology security

GRI
1.2 | 4.11 | SO2

The safety of its IT resources and systems is a constant concern for CPFL Energia.

To mitigate the risks resulting from possible equipment outages, the Group's efforts are focused on those areas considered most critical, with built-in redundancy wherever possible.

The Company's superior IT management procedures ensure absolute customer privacy as well as confidentiality of financial information processed by, and stored in, corporate IT systems.

To avoid the risks associated with processing and information assets, all IT processes are documented and covered by formal internal controls. In addition

to this, they are hosted in a Data Center (Smart Shelter) level 3, with an Information Safety Management system certified in line with ISO standard 27001.

Efficient and safe use of the internet and its connections is guaranteed by permanently updated virus detection and protection programs.

Regulatory issues

GRI
1.2 | 4.11 | SO2

The mitigation of regulatory risk is one of the CPFL Energia Group's strategic guidelines. Power distribution and generation concessions are required to adhere to a series of obligations established in their concession agreements and as part of the sector's regulatory framework and are subject to ongoing inspection by ANEEL, and by related agencies run by the individual states in the federation.

In order to mitigate regulatory risk, the control system at each of the concessions is backed by structured procedures and by support systems such as the Regulatory Management System (RMS) for monitoring and controlling the entire regulatory process.

The commercialization of electricity takes place in the free market and is not required to follow regulated market rules,

although it is authorized and subject to inspection by the regulatory bodies. The only exception is in cases of operations involving related parties, which must have the prior approval of ANEEL, a rule that is rigorously observed.

In view of CPFL Energia's corporate structure and the regulatory discipline, efficacy of risk control in this environment provides an integrated picture of all interrelated elements, especially those of an economic and financial nature, in order to guarantee conformity of all operations.

▶ **Corporate Governance**



CORPORATE GOVERNANCE

As a result of its commitment to maintain a common and transparent dialog with all its stakeholders, respect both people and the environment, and provide its shareholders with information that ensures their autonomy in decision-making, CPFL Energia has been recognized for its organizational culture which fosters the best corporate governance practices.

In 2010 the Company maintained its historic commitment to encouraging the best practices through participation in numerous activities run by the Brazilian Institute of Corporate Governance (IBGC), with a highlight being the Technical Day, an event held in May in London and Paris.

CPFL Energia's shares are listed in the highest governance segments of the market: the Novo Mercado of the São Paulo Securities, Commodities and Futures Exchange (BM&FBovespa) and through an *American Depositary Receipt* (Level III ADR) program of the *New York Stock Exchange* (NYSE).

The Company is a member of the *Companies Circle*, a group of corporations formed in 2005 by the *International Finance Corporation* (IFC) and the Organization for Economic Cooperation and Development (OECD) with the aim of promoting the exchange of experiences among a select group of Latin American companies recog-

nized for adopting superior corporate governance practices.

The *Companies Circle* has been evolving into a group that encourages the advancement of corporate governance in the region by sharing successful experiences in the Latin American private sector. In 2010, the number of *Companies Circle* members was expanded, with non-listed companies admitted for the first time. The group is currently made up of 20 companies from a range of Latin American countries.

Certification of Board Members: members of CPFL Energia's Board of Directors, Fiscal Council and Board of Executive Offi-

cers received IBGC's Management Personnel Certification. This recognition is a way of improving good governance, as it aims to encourage certified board members to develop and value both their own functions and the organizations where they operate.

CPFL Energia's shares were listed for the sixth consecutive year on the BM&FBovespa's Corporate Sustainability Index (ISE) in 2010. The Company's inclusion is recognition of its ever-improving management practices and corporate risk control mechanisms, as well as its solid organizational culture, founded on the principles of transparency, equity, accountability and corporate responsibility.

Awards and Recognition

GRI
2.10

- ▶ **Intangible Assets Awards Brazil 2010** – from *Consumidor Moderno*, magazine, in partnership with *DOM Strategy Partners*, in the Governance Asset and Utilities category.
- ▶ **The Best Companies for Shareholders 2010** – from *Capital Aberto* magazine, in the category for market capitalization greater than R\$ 15 billion (3rd place).
- ▶ **Best Energy Sector Company in Sustainability in Latin America 2010** – from *Latin Finance* magazine and the *Management & Excellence* consultancy (1st place in the Energy category).



General overview of the Group

GRI
4.1 | 2.6 | 2.8 | 3.8

CPFL Energia is a holding company with equity stakes in other corporations. It is controlled by a major Brazilian corporate group plus some of the country's largest pension funds:

VBC Energia S.A.

A closely held company which has been 100% owned by the Camargo Corrêa Group since February 2009.

BB Carteira Livre 1 Stock Investment Fund

In October 2009, 521 Participações S.A. sold its entire equity stake in CPFL Energia to the BB Carteira Livre 1 Fund. The sole investor in this Fund is Previ – the Banco do Brasil employees' pension fund, Latin America's largest pension fund.

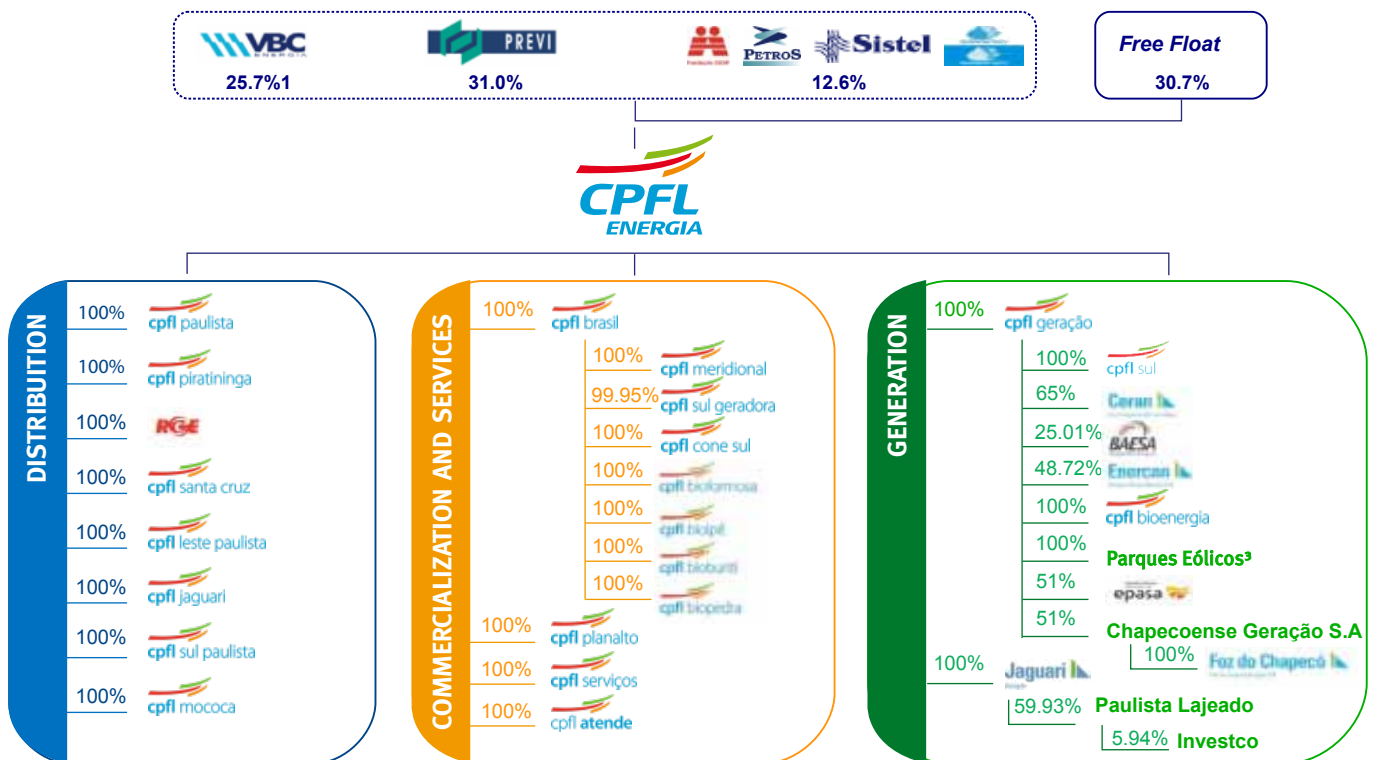
Bonaire Participações S.A.

An investment vehicle owned by the following Brazilian pension funds: CESP Foundation (Funcesp), Petrobras Social Security Foundation (Petros), Sistel Social Security Foundation (Fundação Sistel) and Sabesp Social Security Foundation (Sabesprev).

BNDES Participações S.A. (BNDESPar)

A wholly-owned subsidiary of the Brazilian National Economic and Social Development Bank (BNDES), responsible for supporting the capitalization and development of Brazilian companies through the acquisition of minority equity stakes.

CORPORATE STRUCTURE



Notes
 (1) Includes 0.1% stock of Camargo Corrêa S.A.
 (2) Controlling Shareholders
 (3) Comprises eight companies: Santa Clara I, II, III, IV, V, VI, Eurus VI and Campo dos Ventos II
 (4) Base: 12/31/2010

Board of Directors and the Fiscal Council

GRI
4.1 | 4.3 | 4.6 | 4.9

BOARD OF DIRECTORS

The Company's principal management forum, which determines the general business direction and makes decisions on key issues, in line with its responsibilities as described in the Corporate Bylaws. The Board has the exclusive power to determine the issues and studies which the Committees should focus on and to define their scope of activity.

The CPFL Energia Board of Directors consists of seven members: three elected by VBC, two by the BB Carteira Livre I Fund, one by Bonaire Participações and one Independent Board Director, elected in accordance with BM&FBovespa's Novo Mercado listing regulations.

2010/2011 term of office

- ▶ Murilo C. L. dos Santos Passos (Chairman)
- ▶ Robson Rocha (Deputy Chairman)
- ▶ Francisco Caprino Neto
- ▶ Claudio Borin Guedes Palaia
- ▶ Ricardo Carvalho Giambroni
- ▶ Martin Roberto Glogowsky
- ▶ Ana Dolores Moura Carneiro de Novaes (Independent Director)

The Board of Directors meets ordinarily once a month and extraordinarily whenever required. Its members have a one-year term of office, reelection being permitted.

FISCAL COUNCIL

The Fiscal Council is a permanently installed supervisory body. Since 2005, it has also taken on the responsibilities of the *Audit Committee* as required by the Sar-

banes-Oxley Act (SOX) in accordance with the exception made for foreign companies listed on US stock exchanges.

The Council currently has five members with a one-year term of office, reelection being permitted.

2010/2011 term of office

- ▶ José Reinaldo Magalhães (Chairman)
- ▶ Adalgiso Fragoso de Faria
- ▶ Wilton de Medeiros Daher
- ▶ Daniela Corci Cardoso*
- ▶ Susana Hanna Stiphan Jabra

*Nominated as financial expert as required by Section 407 of the Sarbanes-Oxley Act.

The Fiscal Council members meet monthly and have a minimum calendar of activities, which includes periodic meetings with internal and external auditors and with the Company's main executives.



Find out more>>

Further details on the members of the Board of Directors and the Fiscal Council can be found at www.cpfl.com.br/ri.

Board of Executive Officers

GRI
4.1

Responsible for conducting the businesses of the Company and the subsidiaries and associated companies in line with governance guidelines determined by the Board of Directors. Its members are elected by the Board of Directors, with a two-year term of office, reelection being permitted.

2010–2011 term of office

- ▶ Wilson Ferreira Jr.
Chief Executive Officer
- ▶ Wilson Ferreira Jr.*
Chief Financial and Investor Relations Officer
- ▶ Paulo Cezar Coelho Tavares
Chief Energy Management Officer
- ▶ Miguel Normando Abdalla Saad
Chief Energy Generation Officer
- ▶ Hélio Viana Pereira
Chief Operations Officer
- ▶ José Marcos Chaves de Melo
Chief Administration Officer
- ▶ Adriana Waltrick
Chief Business Development Officer

*At the close of the fiscal year, Lorival Nogueira Luz Jr. assumed the post on March 21 2011.

COMMITTEES

Personnel Management Committee

Advises the Board of Directors in determining compensation policies and assessing the performance of the Board of Executive Officers, coordinating the Succession Plan and monitoring human resources policies and practices. The Personnel Management Committee's members are:

- ▶ Ricardo Carvalho Giambroni (Coordinator)
- ▶ Francisco Caprino Neto
- ▶ Carlos Alberto Cardoso Moreira

Related Parties Committee

Advises the Board in assessing transactions involving parties related to the controlling shareholder block, such as the selection of suppliers and service providers, the purchase of goods and services and/or the sale of energy.

The Related Parties Committee's members are:

- ▶ Susana Hanna Stiphan Jabra (Coordinator)
- ▶ Daniela Corci Cardoso
- ▶ Luiz Cláudio da Silva Barros

Management Processes Committee

Advises the Board of Directors on topics relating to business management processes, risk evaluation and guidance regarding the Internal Audit's activities.

The Management Processes Committee's members are:

- ▶ Francisco Caprino Neto (Coordinator)
- ▶ Ricardo Carvalho Giambroni
- ▶ Martin Roberto Glogowsky

Committee members have a one-year term of office, with reelection allowed.

GRI
4.1 | 4.7 | 4.9 | 4.11



Find out more>>

Further details on the members of the Board of Executive Officers can be found at <www.cpfl.com.br/ri>.



Find out more>>

Further details on committee members can be found at <www.cpfl.com.br/ri>.

GRI
4.4

Manual for participation in shareholders' meetings

CPFL Energia is permanently upgrading its governance guidelines, with a focus on creating value in line with best market practices.

As part of this strategy, since 2008 CPFL Energia has been distributing its Manual for Participation in Shareholders' Meetings, which uses clear and detailed language to explain the issues that will be discussed and voted on at such meetings. The Manual's chief aim is to establish a direct and accessible channel of communication with all shareholders (including minority shareholders), thereby creating greater participation in events on the corporate calendar and greater understanding of business development.

Shareholders absent from Meetings can freely exercise their right to vote and express their opinion by assigning a Company executive as their representative.

In order to widen its coverage and create ease of access, the Manual is available in English and Portuguese and can be accessed on the websites of CPFL Energia, CVM (Brazilian Securities and Exchange Commission) and SEC (US Securities and Exchange Commission).

Focus on Ethics

In recent years, CPFL Energia has carried out a number of initiatives to strengthen ethics as an integral part of its corporate processes.

GRI
4.9

Highlights

Ethics Management and Development System

- ▶ A set of management procedures for improving individual and institutional actions through the promotion of ethics in stakeholder relations.

Program for Promoting and Enforcing the Code

- ▶ Seminars to encourage reflection on ethical issues based on the Code of Ethics and Corporate Conduct.

Ethics and Corporate Conduct Committee

- ▶ Proactively fosters the dissemination and monitoring of corporate guiding principles, organizational principles and guidelines for conduct.

Ethics Network

- ▶ A group formed of employees from a range of different departments who champion and disseminate ethical values in their units of the organization.

Ethics Consultancy

- ▶ A channel for consultation, explanation and advice on ethical doubts and conflicts. If specifically requested, information supplied by the consultancy will be treated as personal and confidential. If not, all information is freely available as part of the objective of achieving maximum promotion of an ethical culture at CPFL.

Ethics Network Portal

- ▶ A virtual interactive environment on ethics at the CPFL Group, providing employees with access to the main guidelines of the Group's Ethics Management and Development System.



Find out more>>

Click here to download the Manual for Participation in Shareholders' Meetings.



Find out more>>

[Click here to read the Rating Report.](#)

Corporate Governance rating

In 2009 and 2010, CPFL Energia was assigned an AA+ rating by Austin Rating risk classification agency for its adherence to Corporate Governance best practices. This AA+ rating in corporate governance consolidates CPFL Energia as a market benchmark, with the following highlights:

- ▶ commitment to creating value for all stakeholders;
- ▶ continual improvement of corporate governance practice;
- ▶ ongoing monitoring of operating risks;
- ▶ activities permeated by high standards of ethics and social responsibility.

Superior Corporate Governance Practices:

- ▶ Capital stock composed exclusively of common shares with guarantee of equal conditions for controlling and minority shareholders in the event of the sale of a controlling interest – 100% tag along rights.
- ▶ *Free float of 30.72%*.
- ▶ Board of Directors with seven members, including one Independent Director, with powers and functions clearly defined by Internal Charter.
- ▶ Permanently installed Fiscal Council, with powers and functions defined by Internal Charter and in the Fiscal Council Guide (as well as the functions of an *Audit Committee*, as required by Section 301 of the Sarbanes-Oxley Act).
- ▶ Three advisory committees to the Board of Directors (Personnel Management, Related Parties and Management Processes), as well as ad hoc commissions for dealing with specific issues.
- ▶ Holding Company's Board of Executive Officers is an integral part of the management bodies of all subsidiaries.
- ▶ Dividend Policy.
- ▶ Securities Trading Policy.

- ▶ Code of Ethics and Corporate Conduct adapted to the recommendations of the *United States Securities Exchange Commission* (SEC).
- ▶ Adherence to the arbitration commitment clause of BM&FBovespa's Novo Mercado.
- ▶ Channels for reporting complaints and/or whistle blowing with respect to financial information and/or infringement of the Code of Ethics.
- ▶ Certification of the internal controls signed off on by management (CEO and CFO) and independent auditors.
- ▶ Preliminary analysis by the Related Parties Committee of transactions involving companies linked to shareholders comprising the controlling block.
- ▶ Annual self-appraisal program for members of the Board of Directors and Fiscal Council.
- ▶ Succession planning for the Board of Executive Officers and other key CPFL Group executives.
- ▶ Annual Report prepared in line with *Global Reporting Initiative* (GRI) guidelines.
- ▶ Financial statements published in accordance with international accounting principles.

► Operations

MACROECONOMIC ENVIRONMENT

The worldwide economy suffered a major downturn from the second quarter of 2008 and throughout 2009. Nonetheless, during 2010, the world witnessed the recovery in the major economies and, more especially, in the emerging markets. Both groups of countries benefited from fiscal and monetary stimuli aiming to revive domestic demand, which resulted in a sharp increase in government spending and a recovery in consumption.

However, recovery was not evenly spread. Emerging markets were able to achieve a rapid and intense recovery, given that their financial systems had not been as badly hit by the crisis. Moreover, some emerging economies, such as China and Brazil, are experiencing a cycle of strong investment, buoyed by expectations of solid growth in their domestic markets. Finally, strong Chinese demand for basic food and raw materials ensured a recovery in exports for the whole bloc of emerging market countries and led to a strengthening of their external accounts and in some cases, the resumption of normal

economic activity. On the other hand, the financial systems of the established economies, especially those in Europe, were severely shaken. As a result, these countries have suffered a period of credit restrictions, debilitated confidence and a fall in investment.

Since the last months of 2010 however, a different picture has been emerging and expected to continue into 2011. Surely enough, the US economy shows clearer signs of recovery, the result of renewed and markedly more aggressive anti-crisis measures. Conversely, the emerging markets are already on the road to stabilization following the removal of fiscal and monetary stimuli with a view to controlling inflation and likely to be the scenario for the Brazilian economy in 2011 with GDP growth forecast to fall from the 7.5% registered in 2010, to 4.3% in 2011. The outlook for domestic consumption in Brazil remains positive, given the renewed cycle of investment and rising personal incomes, against a backdrop of low unemployment.

Regulatory Environment

Highlights in the distribution segment in 2010 included the signing of amendments to the distribution concession agreements for calculating the neutrality of sector charges, pursuant to AP 043/2009 (Public Hearing), and the proposal for a general methodology and criteria for the third tariff review cycle, discussed at AP 040 in September. Additionally, ANEEL concluded or put forward for discussion other issues pertinent to the distribution companies, notably: (i) AP 052/2009, concerning the methodology and composition of the constructive modules for the distribution companies to determine their price lists and on this basis, calculating the regulatory asset base (underway); (ii) AP 048/2010, for consolidating the regulation of the tariff processes, for the preparation of the Tariff Regulation Procedures – PRORET (underway); (iii) Publication of REN 414/2010, which updates the general conditions for the supply of electric energy established by REN 456/1999, which it revokes; (iv) AP 120/2010, which proposes changes to the Tariff Structure applied to the distribution companies (underway); (v) AP 121/2010, proposing a review of the useful life of the distributors' assets and facilities (underway).

On February 3 2011, ANEEL's AP 005/2011, suspended the tariff reviews until finalization of the proposed methodology for the third cycle.

In the generation segment, the main regulatory highlights of the year were: (i) the requirements of MME Directive 463/2009, revising physical guarantees for hydroelectric power plants where there is no centralized dispatching; (ii) publication of ANEEL Resolution 409/2010 excluding hydroelectric power plants not centrally dispatched from the Energy Reallocation Mechanism (MRE); (iii) publication of MME Directive

735/2010, which established the methodology for reviewing the physical guarantees for energy from inflexible thermoelectric plants; (iv) publication of MME Directive 861/2010, which established the methodology for reviewing the physical guarantees for hydroelectric power plants that are centrally dispatched; and (v) preparation by MME of a draft Regulatory Decree for Art. 20 of Law 10.848/2004, to permit a change in the public service concession regime for independent production.

Electricity Tariffs and Prices

Distribution Segment

2010 Annual Tariff Adjustment – ANEEL approved the annual Tariff Adjustment Rate (TAR) for 2010 for the Group's eight distribution companies as follows:

TARIFF ADJUSTMENT RATE (TAR)	CPFL SANTA CRUZ	CPFL LESTE PAULISTA	CPFL JAGUARI	CPFL SUL PAULISTA	CPFL MOCOCA	CPFL PAULISTA	RGE	CPFL PIRATININGA
Applicable as from	02/03/2010	02/03/2010	02/03/2010	02/03/2010	02/03/2010	04/08/2010	06/19/2010	10/23/2010
Economic TAR	1.90%	-6.32%	5.81%	4.30%	4.15%	1.55%	1.72%	8.59%
Financial Components	8.19%	-6.89%	-0.65%	1.36%	-0.17%	1.15%	10.65%	1.52%
Total TAR	10.09%	-13.21%	5.16%	5.66%	3.98%	2.70%	12.37%	10.11%

2011 Annual Tariff Adjustment – in February 2011, ANEEL approved the 2011 annual Tariff Adjustment Rate (TAR) for five of the Group's distribution companies as shown below:

TARIFF ADJUSTMENT RATE (TAR)	CPFL SANTA CRUZ	CPFL LESTE PAULISTA	CPFL JAGUARI	CPFL PAULISTA	CPFL MOCOCA
Applicable as from	02/03/2010	02/03/2010	02/03/2010	02/03/2010	02/03/2010
Economic TAR	8.01%	6.42%	5.22%	6.57%	6.84%
Financial Components	15.61%	1.34%	0.25%	1.45%	2.66%
Total TAR	23.61%	7.76%	5.47%	8.02%	9.50%

Third Periodic Tariff Review – The third periodic tariff review cycle will begin in 2011. For this cycle, ANEEL proposed a new methodology at a public hearing, and all proposals are currently under discussion.

Generation Segment

The generators' energy sales agreements contain specific tariff adjustment clauses, with the main annual adjustment indexer being the IGP-M (General Market Price Index). Agreements signed within the Regulated Contracting Environment (ACR) are indexed against the IPCA while bilateral agreements signed with ENERCAN use a combination of the US dollar/ Real exchange rate and the IGP-M inflation index.

GRI
2.7 | 2.8 | SO1 | PR1
EU3 | EU23 | EU26

Distribution and sales

Distribution

Electricity distribution is CPFL Energia's largest business segment. Its eight distributors serve approximately 6.7 million customers in their concession areas, which span four Brazilian states.

In 2010, a total of R\$ 1.1 billion was invested in the distribution segment, mainly in the expansion and reinforcement of the electric system to meet market growth.

The number of customers connected to the CPFL Energia network increased by 182 thousand consumer units in 2010 relative to 2009.

Energy sold by the CPFL Group distributors to free market clients and through bilateral agreements was 9,423 GWh, 8% less than the figure recorded in 2009.



Energy sales

Energy sales to the captive market in the CPFL Energia distributors' concession areas totaled 39,250 GWh in 2010, a 3.8% increase on the previous year. Energy billed through the Tariff for Use of the Distribution System (TUDS) reached 12,794 GWh.

ENERGY SALES (GWh)				
Market	2008	2009	2010	2009/2010 (%)
Captive Market	37,323	37,821	39,250	3.8
Free Market	8,904	10,243	9,423	- 8.0
Total	46,227	48,064	48,673	1.3

OPERATIONS

In the captive market, there was an increase in consumption in the residential (5.2%) and commercial (5.2%) classes, which together accounted for 52.4% of the total energy consumed by the Group distributors' captive market customers.

The industrial segment registered growth of 0.5% compared to 2009. This result benefited from the recovery in industrial activity in 2010 but was also negatively impacted by the migration of clients to the free market.

ENERGY SALES IN THE CAPTIVE MARKET (GWh)				
CAPTIVE MARKET	2009	2010	CHANGE (%)	SHARE (%)
Residential	12,346	12,983	5.2	33.1
Industrial	11,334	11,393	0.5	29.0
Commercial	7,215	7,587	5.2	19.3
Rural	2,257	2,100	- 7.0	5.4
Others	4,670	5,187	11.1	13.2
Total	37,821	39,250	3.8	100.0

CPFL Energia distributors ended 2010 with 6.7 million customers, an increase of 182,389 customers over the total for 2009.

NUMBER OF CUSTOMERS - CPFL ENERGIA DISTRIBUTORS - BY SEGMENT		
	2009	2010
Residential	5,695,689	5,881,458
Industrial	77,166	78,190
Commercial	496,377	490,570
Rural	238,566	237,964
Public Authorities	44,051	45,382
Public Lighting	7,933	8,098
Public Services	6,738	7,230
Own Consumption	768	785
Total	6,567,288	6,749,677

Since 2008, all CPFL Energia Group distributors have satisfied their commitments under the Universal Electricity for All Program.

Projects

Out of a total R\$ 1.1 billion invested in the distribution segment in 2010, R\$ 662 million was allocated to expanding and upgrading the electric system to meet the market needs of the eight CPFL Energia Group distributors, in terms of both energy sales volume and customer numbers.

Investments covered the construction and expansion of substations (SSs), extension of transmission lines (TLs), addition or substitution of equipment and distribution networks, and other improvements to a range of installations.

Work on 85 SS projects was executed by the eight Group distributors.

Significant projects at CPFL Paulista were:

- ▶ SS and Ribeirão Preto 12 – Sul
- ▶ SS Lacanga 1
- ▶ Junction 138 kv Lacanga
- ▶ SS Botucatu 1
- ▶ SS Pederneiras 1
- ▶ SS Ituverava 2 – Catu
- ▶ LT 138 kv Caiçara – Pirangi
- ▶ SS Batatais 1
- ▶ SS São Joaquim da Barra 2 – Sapucaí
- ▶ Junction São Joaquim da Barra 2
- ▶ LT 138 kv Barretos – Caiçara
- ▶ Junction 138 kv Bariri
- ▶ LT 138 kv Terra Branca – Agudos
- ▶ SS Jaú 3 – Antonina

Significant projects at CPFL Piratininga were:

- ▶ SS e LT Praia Grande 3 – Ocean
- ▶ SS Indaiatuba 2 – Morada do Sol
- ▶ Junction 138 kv Boituva 2
- ▶ SS Vinhedo 2 – Marambaia
- ▶ SS Mairinque
- ▶ SS Jundiá 4

Significant projects at RGE were:

- ▶ SS Palmeiras das Missões
- ▶ SS Cachoerinha 2
- ▶ SS Passo Fundo 1
- ▶ SS Maraú
- ▶ SS Parobé
- ▶ SS Sarandi
- ▶ SS Carlos Barbosa
- ▶ SS Guaporé
- ▶ SS Garibaldi 2

The significant project at Santa Cruz was:

- ▶ SS Cerqueira César

CPFL Energia invested a further R\$ 419 million in improvements and maintenance for the electric system, operating infrastructure, modernization of management and operations support systems, and customer service.

At CPFL Paulista the 100% Automation Project is underway, with 22 SSs already automated out of a forecast total of 87 by mid-2012 and representing investment to date of R\$ 2 million. In addition, a total of 800 reclosers were connected with the Operations Centers of CPFL Paulista, Piratininga and Santa Cruz, which provides for a broader visualization of the distribution networks.

OPERATIONS

GRI
EU4

Structure

In order to serve the population with quality services, CPFL Energia's distribution companies installed 215,193 km of distribution networks in 2010.

EXTENT OF DISTRIBUTION NETWORK – 2009-2010 (KM)

COMPANY	2009				2010			
	PRIMARY		SECONDARY	GENERAL TOTAL	PRIMARY		SECONDARY	GENERAL TOTAL
	15 kV	23 kV			15 kV	23 kV		
CPFL Paulista	47,497	-	36,316	83,814	53,947	-	37,297	91,243
CPFL Piratininga	3,515	6,572	11,571	21,658	3,537	6,667	11,624	21,828
CPFL RGE	46,906	-	36,339	83,245	47,817	-	36,165	83,982
CPFL Santa Cruz	6,200	-	2,125	8,325	6,425	-	2,138	8,563
CPFL Leste Paulista	1,844	-	595	2,439	2,297	-	603	2,900
CPFL Jaguarí	458	-	406	864	460	-	411	871
CPFL Sul Paulista	2,743	-	815	3,558	3,220	-	828	4,048
CPFL Mococa	1,083	-	457	1,540	1,302	-	456	1,758
Total	110,246	6,572	88,624	205,443	119,005	6,667	89,522	215,193

A total of 9,497 km was added to the CPFL Group concessions' transmission network, taking into account the whole range of voltages served by the system.

EXTENT OF TRANSMISSION NETWORK – 2008-2009 (KM)

COMPANY	2009								
	34,5 kV	44 kV	69 kV	88 kV	88 kV (UNDERGROUND)	138 kV	230 kV	345 kV	TOTAL
CPFL Paulista	384	-	1,944	-	-	3,738	-	-	6,067
CPFL Piratininga	-	-	-	262	19	262	29	4	576
CPFL RGE	-	220	1,312	-	-	219	-	-	1,751
CPFL Santa Cruz	99	-	427	4	-	-	-	-	530
CPFL Leste Paulista	141	-	-	-	-	-	-	-	141
CPFL Jaguarí	38	-	-	-	-	12	-	-	50
CPFL Sul Paulista	236	-	-	-	-	8	-	-	244
CPFL Mococa	99	-	-	-	-	-	-	-	99
Total	997	220	3,683	266	19	4,239	29	4	9,458
COMPANY	2010								
	34,5 kV	44 kV	69 kV	88 kV	88 kV (UNDERGROUND)	138 kV	230 kV	345 kV	TOTAL
CPFL Paulista	386	-	1,944	-	-	3,762	-	-	6,092
CPFL Piratininga	-	-	-	271	19	264	28	4	586
CPFL RGE	-	220	1,314	-	-	219	-	-	1,753
CPFL Santa Cruz	99	-	427	4	-	-	-	-	530
CPFL Leste Paulista	141	-	-	-	-	-	-	-	141
CPFL Jaguarí	38	-	-	-	-	12	-	-	50
CPFL Sul Paulista	236	-	-	-	-	8	-	-	244
CPFL Mococa	101	-	-	-	-	-	-	-	101
Total	1,001	220	3,685	275	19	4,265	28	4	9,497

Customer Service

GRI
EU23

CPFL Energia is committed to permanently providing a high quality of customer service and satisfaction. To this end, the Group's distributors offer efficient and reliable service channels to allow customers both ease and convenience of access.

The Company's customer service structure is diversified and adapted to the needs of every class of client. This structure offers round-the-clock call centers, customer service points, online access to virtual service points, plus account managers for groups of commercial and industrial clients.

In 2010, these channels were responsible for approximately 23.5 million customer service contacts.

Plugged into the Customer Project A cultural shift: from service to relationship

Since 2008, two CPFL Energia distributors, CPFL Paulista and CPFL Piratininga, have been implementing special customer relationship projects, seeking to improve service procedures with a focus on the needs of each type of client.

The Plugged into the Customer ("Ligado no Cliente") project is one such initiative and includes pre- and after-service activities, newly updated websites and the introduction of new customer relationship and communication practices. The program will be gradually extended to all Group distributors.

The project has been divided into six subprojects:

- ▶ process quality with a focus on customer value;
- ▶ customer segmentation;
- ▶ employee and partner awareness;
- ▶ customer communication plan;
- ▶ pre- and after-service strategy;
- ▶ new relationship practices.

In all, the project encompasses 54 actions executed as follows:

2008 Focus

Implementation of actions to sustain and maintain the customer relationship. There was a focus on high impact and low complexity actions and increasing employee awareness.

2009 Focus

Priority was given to consolidating actions first implemented as pilot projects, across the whole concession area, starting with large cities and including technological innovations.

2010 Focus

Actions aimed at external impact were carried out, as well as innovations:

- ▶ introduction of a new relationship policy.
- ▶ activities focused on a high impact communication campaign involving CPFL's new image.

Highlights of 2010 initiatives

- ▶ **Electrician's Calling Card program** extended to all CPFL Paulista, CPFL Piratininga, CPFL Jaguariúna and CPFL Santa Cruz municipalities, involving over 850 professionals. Teams are given special training in friendly customer service, based on the CPFL Way of Engaging. Every time CPFL carries out a service, the customer receives a business card from the electricians responsible. This approach creates a personalized service, increases the degree of customer confidence and allows the customer to rate the service via internet or a toll-free number.
- ▶ Delivery of **welcome kit** for new customers extended to CPFL Paulista and CPFL Piratininga, the objective being to establish a close relationship between distributor and customer. This is a guide sent to new customers together with their first bill and service agreement. It contains a range of information on the CPFL Group, relationship channels, electricity safety and efficiency tips, explanations on the electricity bill, and customer rights and obligations. The guide also includes a refrigerator magnet with the distributor's toll-free and SMS numbers.

New actions

There were four new actions identified and initiated in 2010 in addition to the 54 selected at the outset of the project. These involved innovations in client relationships and will be implemented over the course of 2011:

- ▶ Rollout of the **digital bill**, which allows delivery of electricity bills to customers via email, eliminating printed billings;
- ▶ Inclusion of a **barcode** on payment delinquency notifications, making it easier for the customer to settle unpaid amounts and foregoing the need to issue a second copy of a bill;
- ▶ Creation of a **relationship** agent, whose main function is to prospect for new corporate customers and facilitate the process of connection to the electric system, from the initial request to the conclusion of the service onsite;
- ▶ Implementation of a campaign to encourage payment of **bills** through the registration of direct debit authorizations including the introduction of a service for registration at the customer service point and through the service website, avoiding the need for the customer to go personally to his bank branch.

Research & Development

GRI
EC2 | EN18 | SO1 | EU8

CPFL Energia companies run programs to support research and development projects for the purpose of generating economic, social and environmental benefits for the Group and its stakeholders. The companies finance these projects according to the electric sector regulations, which require a proportion of net operating revenue to be invested in such activities as improved energy efficiency and environmental conservation.

In 2010, CPFL Energia Group's discos invested in a range of research and development projects in the fields of alternative energy sources, environment, electric system operations and energy efficiency.

INVESTMENT IN SCIENTIFIC AND TECHNOLOGICAL RESEARCH & DEVELOPMENT (R\$ THOUSAND)*	2010
Energy efficiency (A)	1,251.71
Renewable and alternative sources (B)	0.00
Environment (C)	15,607.38
Quality and reliability (D)	3,261.23
Planning and operations (E)	6,720.36
Supervision, control and protection (F)	60.97
Measurement (G)	2,410.44
Data transmission via electricity network (H)	0.00
New materials and components (I)	4,887.33
Development of technology to combat fraud and theft (J)	0.00
Total Investments in R&D (K)	34,199.42

*In accordance with the R&D Manual (ANEEL).

Energy Efficiency

GRI
4.17 | EC2 | EC8 | EN6
EN14 | EU7 | SO1

The CPFL Energia companies have run their Energy Efficiency Program since 1998 to encourage the more rational use of electricity, being funded from revenues generated through electricity billing.

CPFL Energia's distributors run specific projects, guidance, analysis of energy usage and actions to promote the rational and efficient use of electricity among the communities served by the Company, government entities and the private sector. Actions are always focused on combating wastage and contributing to the preservation of natural resources, responsible for generating most of the energy distributed by the companies.

In 2010, the investments made in the Energy Efficiency Program totaled R\$ 87.33 million.

OPERATIONS

ENERGY EFFICIENCY PROGRAM								
	2010	2009	2008	2007	2006	2005	2004	TOTAL
CPFL PAULISTA*								
Investment (R\$ thousands)	46,294	37,314	23,445	26,010	24,473	17,536	-	175.073
Energy Saving (MW/year)	49,485.3	30,465.6	68,262.6	61,046.8	19,797.0	6,334.0	-	235.391,3
Reduction in Peak Demand (kW)	23,104.6	7,373.1	21,612.3	15,902.0	5,484.0	1,096.0	-	74.572,0
Number of projects	15	2	-	-	-	-	-	17
Number of customers	69,895	NA	NA	NA	NA	NA	NA	NA
CPFL PIRATININGA*								
Investment (R\$ thousands)	21,335	13,806	12,336	11,484	13,771	9,881	-	82,612
Energy Saving (MW/year)	32,476.2	2,342.8	14,089.2	19,472.6	12,350.0	6,531.0	-	87,261,8
Reduction in Peak Demand (kW)	16,476.8	888.9	4,027.0	4,320.0	3,341.0	1,163.0	-	30,216,7
Number of projects	6	1	-	-	-	-	-	7
Number of customers	101,280	NA	NA	NA	NA	NA	NA	NA
RGE**								
Investment (R\$ thousands)	14,532	9,954	4,900	4,508	7,933	7,084	5,466	54,378
Energy Saving (MW/year)	5,960.1	7,233.5	6,592.0	16,967.0	37,144.0	9,491.0	20,410.0	103,797.7
Reduction in Peak Demand (kW)	1,524.4	2,659.4	2,503.0	5,396.0	12,619.0	2,167.0	6,463.0	33,331.8
Number of projects	3	4	3	4	2	1	3	20
Number of customers	51,107	NA	NA	NA	NA	NA	NA	NA
CPFL SANTA CRUZ								
Investment (R\$ thousands)	1,732	1,200	1,550	970	970	791	925	8,138
Energy Saving (MW/year)	380.0	1,120.3	1,279.4	1,246.0	1,963.2	89.5	33.0	6,111.4
Reduction in Peak Demand (kW)	240.0	485.2	589.6	597.0	504.9	128.0	85.0	2,629.8
Number of projects	0	3	4	4	3	2	2	18
Number of customers	1,300	NA	NA	NA	NA	NA	NA	NA

OPERATIONS

CPFL JAGUARI***								
Investment (R\$ thousands)	967.3	1,105.0	359.9	353.3	540.8	-	-	3,326.1
Energy Saving (MW/year)	284.0	981.5	1,121.6	481.3	765.2	-	-	2,652.1
Reduction in Peak Demand (kW)	228.0	681.2	681.0	257.0	143.1	-	-	1,309.0
Number of projects	0	2	1	3	4	-	-	10
Number of customers	200	NA	NA	NA	NA	NA	NA	NA
CPFL LESTE PAULISTA***								
Investment (R\$ thousands)	979.5	875.0	154.5	297.0	338.5	-	194.5	2,839.1
Energy Saving (MW/year)	213.0	5,764.1	618.9	343.8	800.9	-	300.0	2,276.6
Reduction in Peak Demand (kW)	171.0	380.3	380.3	176.0	189.2	-	41.7	958.2
Number of projects	0	2	1	4	2	-	1	10
Number of customers	150	NA	NA	NA	NA	NA	NA	NA
CPFL SUL PAULISTA***								
Investment (R\$ thousands)	987.6	1,020.0	342.3	427.8	549.5	-	-	3,327.2
Energy Saving (MW/year)	284.0	1,217.8	1,333.4	405.8	1,023.1	-	-	3,046.4
Reduction in Peak Demand (kW)	228.0	815.8	815.8	193.4	228.4	-	-	1,465.6
Number of projects	0	2	1	4	3	-	-	10
Number of customers	200	NA	NA	NA	NA	NA	NA	NA
CPFL MOCOCA***								
Investment (R\$ thousands)	504.1	632.0	164.6	297.0	325.8	-	-	1,923.5
Energy Saving (MW/year)	106.5	614.1	667.7	240.6	317.9	-	-	1,332.7
Reduction in Peak Demand (kW)	85.5	408.0	408.0	117.0	121.9	-	-	732.3
Number of projects	0	2	1	4	2	-	-	9
Number of customers	75	NA	NA	NA	NA	NA	NA	NA

For 2010, the following has been considered:

Number of projects: only those where all clients were covered (e.g. a project involving 10 schools will be considered if all were served).

Number of clients: clients covered by a project (e.g. if nine out of 10 clients in a project were covered, only nine are considered).

Financial investment: resources employed in the year, independent of the cycle or whether work was finished or not.

Energy and demand: energy and demand for the projects in the year that work was finished, irrespective of the cycle.

NA – Not available.



Find out more >>

Since 2007, CPFL Energia has operated its Energy Efficiency Portal – www.cpf.com.br/canaldaenergia –, which contains information on rational consumption and its energy efficiency programs.

Similarly, in 2008 RGE also launched its Energy Efficiency Portal www.rge-rs.com.br/eficienciarge.

Community Network Program

Energy losses during the distribution service can occur through transmission of energy itself to the consumer unit or due to illegal tapping into the supply system – an activity which increases both waste as well as risking the lives of those involved in these activities. To restrict this practice, CPFL Energia distributors seek to regularize illegal hookups and to guarantee the right of low income groups to electricity supplies.

The Community Network Program was conceived to serve these groups directly. It provides guidance on the rational and safe use of electricity and encourages citizenship through social inclusion. These actions are linked to efforts to regularize illegal connections. Once power supply has been regularized, efforts are made to reinforce guidelines for the rational and safe use of electricity with the new customer.

Program actions

- ▶ Regularization of connections
- ▶ Substitution of incandescent light bulbs for energy efficient varieties
- ▶ Use of lower power showerhead equipment combined with heat exchangers
- ▶ Substitution of refrigerators
- ▶ Educational activities in schools
- ▶ Refurbishment of internal electrical installations
- ▶ Courses on the rational use of electricity.
- ▶ Six-month grace period for customers with regularized connections billing up to 100 kWh/ month

The Program provides a channel for CPFL Energia's distributors to reinforce their community relationships by offering information, culture and social development services to low-income social groupings.

OPERATIONS

2010 ACTIONS

CPFL PAULISTA

- Replacement of 200 thousand incandescent light bulbs for the compact fluorescent variety.
- Regularization of 2,393 high-risk connections.
- Replacement of 6 thousand electric showerheads with lower power equipment combined with heat exchangers.
- Replacement of 4,032 refrigerators for more efficient models.
- Modernization of 5,658 internal electrical installations in dilapidated condition.
- Installation of 1,591 solar-powered water heaters.
- Energy efficiency works carried out in 797 schools, 138 public buildings and six Water and Sewage Treatment Services (SAEs).

CPFL PIRATININGA

- Replacement of 300 thousand incandescent light bulbs for the compact fluorescent variety.
- Regularization of 2,981 high-risk connections.
- Replacement of 5,200 electric showerheads with lower power equipment combined with heat exchangers.
- Replacement of 1,368 refrigerators for more efficient models.
- Modernization of 3,055 internal electrical installations in dilapidated condition.
- Installation of 7,224 solar-powered water heaters.
- Energy efficiency works carried out in 301 schools, 36 public buildings and six Water and Sewage Treatment Services (SAEs).

RGE

- Replacement of 141,376 incandescent light bulbs for the compact fluorescent variety.
- Regularization of 1,362 high-risk connections.
- Regularization of 610 meter boxes.
- Replacement of 1,500 electric showerheads with lower power equipment combined with heat exchangers.
- Instruction for 271,448 children and training courses for 3,869 teachers given in 80 cities; an educational contest themed around sustainability and energy efficiency attracted 2,953 entries; 115 thousand accesses to the RGE Caravan Program website (www.caravanage.com.br), which covers RGE's educational initiatives in the energy efficiency arena.
- Energy efficiency works carried out in 113 state and municipal schools, and 610 public buildings.

CPFL SANTA CRUZ

- Replacement of 4 thousand incandescent light bulbs for the compact fluorescent variety.
- Installation of 200 solar-powered water heaters.
- Replacement of 400 refrigerators for more efficient models.

CPFL JAGUARI

- Replacement of 600 incandescent light bulbs for the compact fluorescent variety.
- Installation of 200 solar-powered water heaters.
- Replacement of 200 refrigerators for more efficient models.

CPFL LESTE PAULISTA

- Replacement of 450 incandescent light bulbs for the compact fluorescent variety.
- Installation of 150 solar-powered water heaters.
- Replacement of 150 refrigerators for more efficient models.

CPFL SUL PAULISTA

- Replacement of 600 incandescent light bulbs for the compact fluorescent variety.
- Installation of 200 solar-powered water heaters.
- Replacement of 200 refrigerators for more efficient models.

CPFL MOCOCA

- Replacement of 225 incandescent light bulbs for the compact fluorescent variety.
- Installation of 75 solar-powered water heaters.
- Replacement of 75 refrigerators for more efficient models.

Payment Delinquency

Regulated public utilities are required to combat delinquency in order to avoid financial pressure on tariffs and ensure that customers that punctually honor payments are not unfairly affected. The CPFL Energia Group distributors are aware of this and take measures every year to collect unpaid bills.

The distributors use methods provided for by law and regulatory resolutions for collecting unpaid bills. These include

blacklisting customers with unpaid bills, further warnings of payment due, warning that a bill is outstanding via URA (Audible Response Unit), and hiring specialized debt collection companies and, as a last resort, cutting off supplies to the delinquent consumer unit.

In 2010, the average consolidated payment delinquency rate for the eight distribution companies was 1.27% of Gross Revenue, 8.93% higher than the figure for 2009.

PAYMENT DELINQUENCY* – 2007-2010 (IN %)					
COMPANY	2007	2008	2009	2010	2010/2009 (%)
CPFL Paulista	1.12	1.14	1.03	1.27	22.9
CPFL Piratininga	1.10	1.05	1.20	1.32	10.2
RGE	3.17	2.42	1.59	1.34	-15.8
CPFL Santa Cruz	0.85	0.83	0.87	1.13	30.0
CPFL Jaguarí	0.46	0.48	0.29	0.31	7.5
CPFL Leste Paulista	0.91	1.11	0.78	0.60	-24.1
CPFL Sul Paulista	0.65	0.82	0.97	0.75	-21.4
CPFL Mococa	1.24	0.63	0.51	0.58	14.1

* % of Gross Revenue

Commercial Losses

The CPFL Group's discos are involved in continuous efforts to reduce commercial losses in their concession areas by preventing fraud and avoiding electricity wastage. Their work focuses mainly on actions such as the inspection of consumer units, checking and substitution of obsolete meters, and consumer education campaigns.

During 2010, CPFL Energia paid particular attention to areas with low-income residents and those areas with a high level of illegal hookups. The Company's activities focused on regularizing connections, energy saving courses and delivery of more efficient equipment. Over the year, these actions resulted in the recovery of 329 GWh, equivalent to revenue of R\$ 123 million.

Electricity Supply Quality

GRI
EU28 | EU29

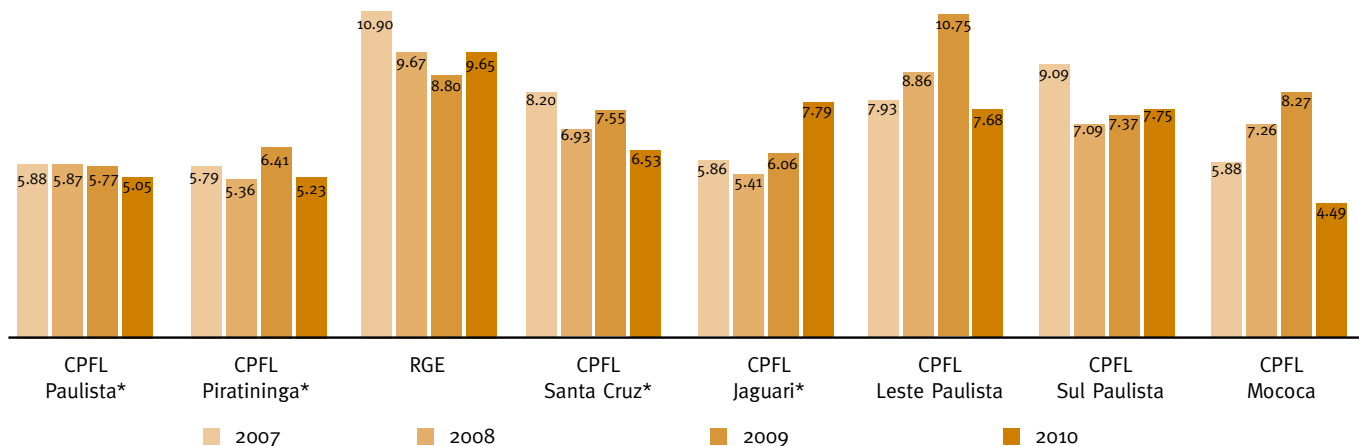
The quality of power supply to customers has always been and always will be a concern for CPFL Energia distributors. This commitment is paramount in the strategy of operating efficiency for the whole Company.

As a result, the distributors undertake constant monitoring of the AFI (Average

Frequency Interruptions), which measures the average number of interruptions per consumer over the year; and the ADI (Average Duration of Interruptions), which measures the average duration, in hours, of interruptions per consumer over the year.

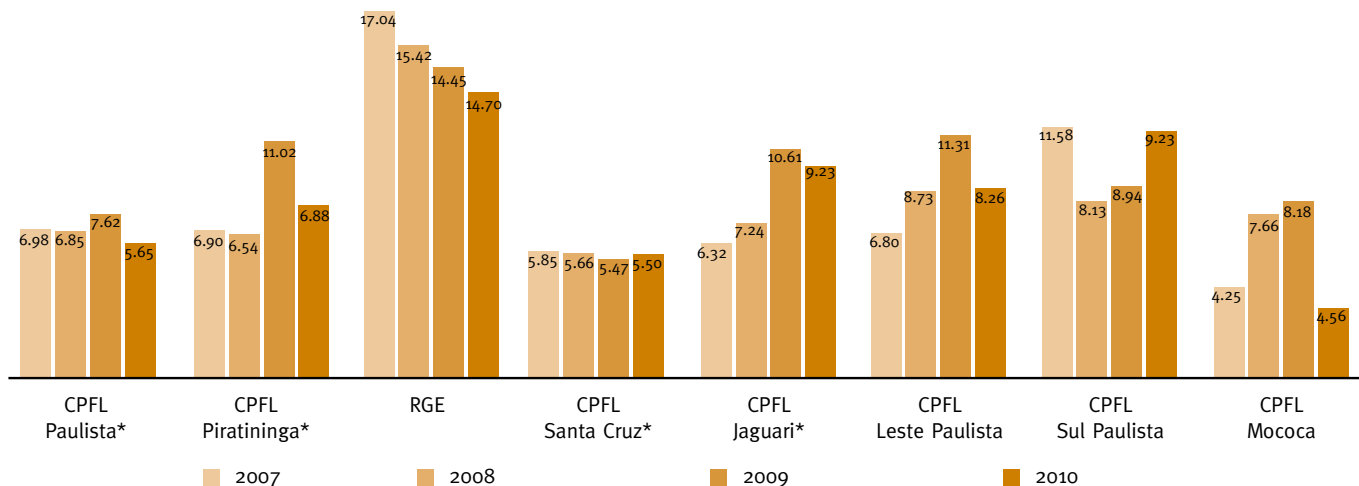
OPERATIONS

AFI – 2007-2010 (times)



*Includes the effects of the 'blackout' of November 10 2009.

ADI – 2007-2010 (hours)



*Includes the effects of the 'blackout' of November 10 2009.



Customer Satisfaction

GRI
4.16 | 4.17 | EU19 | PR5

The focus of CPFL Energia Group distribution companies has always been on customer satisfaction. Consequently, they have specific programs in place for ensuring continuity in customer relationships based on trust and credibility.

Since 2008, the CPFL Energia has used the Image Performance Index (IPI) to measure stakeholders perception of the distributor, the objective being first and foremost to prevent damage to the brand.

The IPI monitors the brand qualitatively while also measuring and monitoring other media information sources that collate opinions from specific groups of interest to the organization. This is used as raw input for the Brand Aggression Map that is included in the management report sent periodically to executives.

CPFL Energia uses this instrument to record expectations and head off any risks

or negative impacts. It covers the following sources: press, public opinion, customer satisfaction and financial market assessment. IPI management is performed on a monthly basis, with presentations at the meetings of the Board of Executive Officers. On these occasions, CPFL Energia's performance is discussed and action plans are developed to improve or refine performance.

In addition, CPFL Energia's distributors communicate directly with their customers, advising them on their rights, the rational and safe use of electricity, and the service channels through which they may access the companies. They also take part in campaigns in the public interest by including public service messages on electricity bills.

The CPFL Energia distribution companies operate Consumer Councils (COCEN), ▶

OPERATIONS

which aim to evaluate service quality on a constant basis. They also monitor perceived customer satisfaction with services provided, customer service, communication and information supplied, by using annual surveys conducted by ANEEL and the Brazilian Association of Electricity Distributors (ABRADEE). In addition, they run quantitative and qualitative brand and image surveys, plus customer satisfaction surveys relating to the call center's round-the-clock service. These are all used as

inputs for the Company's strategic planning process and for improvements in service quality.

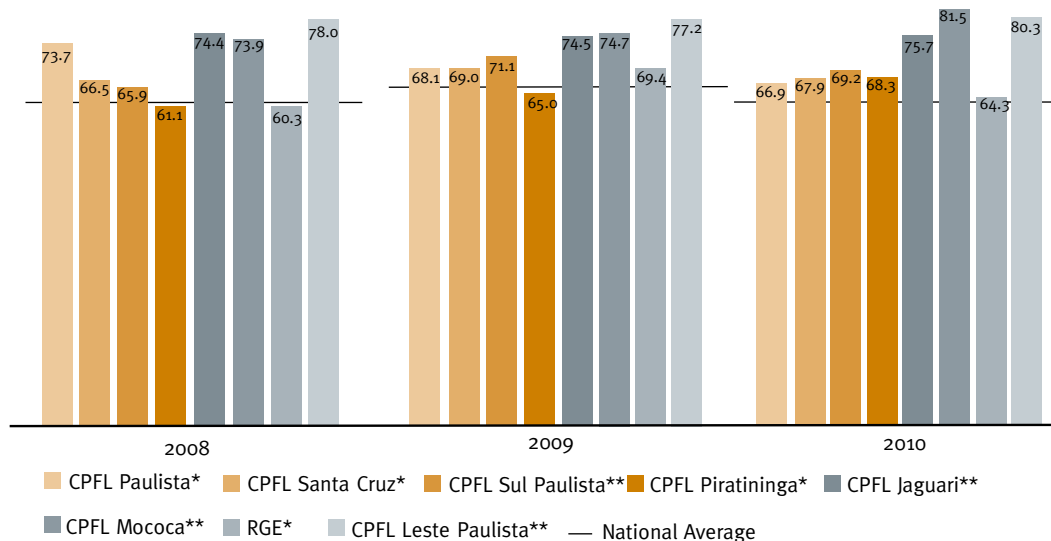
CPFL Leste Paulista won the ANEEL Customer Satisfaction Index (Iasc) Award 2010 in the National and South/Southeast Regions categories – between 30 thousand and 400 thousand customers. CPFL Leste Paulista scored 81.48, above the 64.41 national average. RGE was the winner in the South Region category – above 400 thousand customers, with a score of 69.25.

SURVEYS HELD IN 2010

SURVEY	METHODOLOGY	COMPANY / AREA	TIMING	AUDIENCE	INTERVIEWEES
Abradee	Quantitative	CPFL Energia*	March/April	Residential	4,169
Call center	Quantitative	Call center	May	Residential	780
Satisfaction	Quantitative	CPFL Brasil	December	Major Clients	500
Satisfaction	Quantitative	RGE	December	Major Clients	420
Brand and Image	Quantitative	CPFL Energia*	December	Residential	2,450
Recall and Image	Quantitative	CPFL Energia*	December	National	1,300
Total	-	-	-	-	9,619

*The survey includes distributors CPFL Paulista, CPFL Piratininga, CPFL Santa Cruz, CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista, CPFL Sul Paulista and RGE.

Customer Satisfaction Index - Iasc - 2002-2010*



* Distributors with over 400 thousand customers

** Distributors with up to 400 thousand customers

Source: ANEEL

Generation

GRI
EC2 | EN11 | EU6

CPFL Energia's strategy for 2010 centered on the expansion of its generation portfolio. Its increase in energy supply was the result of the conclusion of work on hydro plants, acquisitions of wind farms and partnerships in projects involving biomass-fired power plants fueled by sugarcane bagasse. Total investments for the year in the generation segment were R\$ 645 million.

In 2010, CPFL Energia acquired a new wind energy project, the Campo dos Ventos II wind farm. It has a total installed capacity of 30 MW and assured energy of 14 average MW. The assured energy was contracted at ANEEL Auction 02/2010, held by the Federal Government on August 26 2010. The project will be constructed in the municipalities of Parazinho and João Câmara (state of Rio Grande do Norte), with operational start-up forecast for September 2013.

In the field of generation from biomass sources, in March 2010 the Group constituted CPFL Bio Buriti, CPFL Bio Ipê and CPFL Bio Pedra and signed a partnership contract with the Pedra Agroindustrial Group to develop three new sugarcane biomass-fired generation projects. The total installed capacity of this project is 145 MW. All work on these projects will be concluded between June 2011 and April 2012.

As a result of the generation projects currently underway, the Group's installed capacity will increase 27.5% by 2013, to reach 2,805 MW (1,389 average MW), once all the current projects are in commercial operation. By year-end 2011, CPFL will have an installed capacity of 2,511 MW (1,252 average MW), reaching 2,769 MW (1,361 average MW) in 2012.

Among the highlights of the year, the following projects merit special mention:

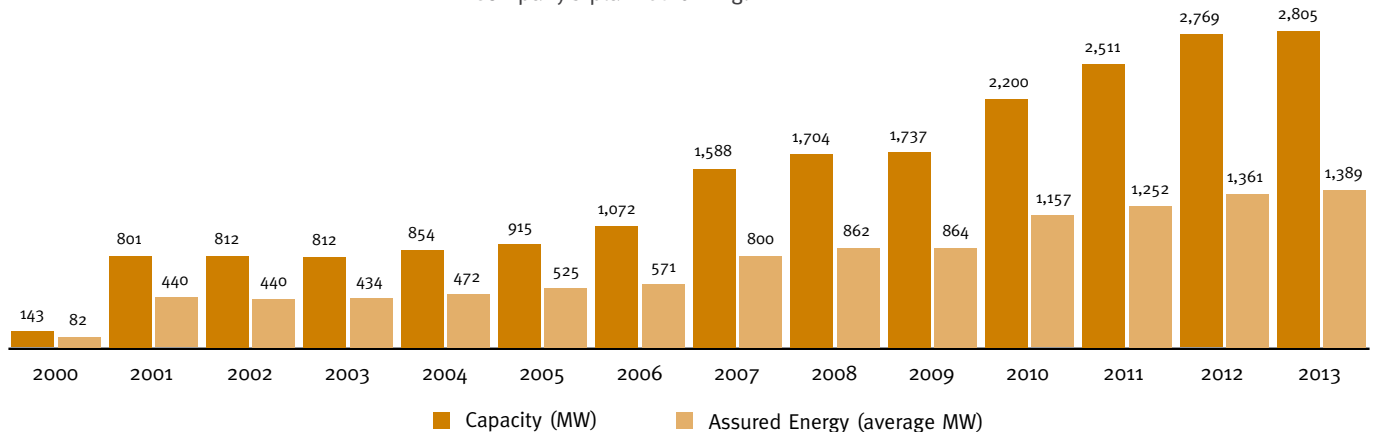
- ▶ Conclusion of the Baldin Plant;
- ▶ Start-up of three generating units at HPP Foz do Chapecó;
- ▶ Investments in generation from biomass, associated with bio-energy commercialization - construction of the Bio Formosa, Bio Buriti, Bio Ipê and Bio Pedra plants;
- ▶ Investments in generation from fuel oil-fired plants – construction of the Termonordeste and Termoparaíba thermoelectric plants (concluded in December 2010 and January 2011, respectively);
- ▶ Investments in wind power generation – construction of the Santa Clara I, Santa Clara II, Santa Clara III, Santa Clara IV, Santa Clara V, Santa Clara VI and Eurus VI wind farms;
- ▶ Initial investment in wind energy at the Campo dos Ventos II wind farm – a winning bid at the renewable energy auction (ANEEL Auction 02/2010 – Wind Power).

Installed Capacity (12/31/2010)	2,200 MW
Comparison 2010 v 2009	27%
Assured Energy	1,157 average MW
Main Performance Factors	Conclusion of construction at the Baldin Plant; operational start-up of three generating units at HPP Foz do Chapecó; conclusion of construction works at TPP Termonordeste

Installed Capacity and Assured Energy - 2000-2013

The graph shows the growth in installed capacity and assured energy since 2000 and also includes projected figures for 2011 to 2013, in accordance with the Company's planned timing.

The energy made available by CPFL Geração for commercialization is equal to the assured power of each plant, taking into account the share that CPFL has in each project.



INSTALLED CAPACITY AND ASSURED ENERGY – BY UNIT – 2010		
CCFL GERAÇÃO*		
	*INSTALLED CAPACITY (MW)	ASSURED ENERGY (AVERAGE MW)
CPFL Geração (SHPs + TPP)/ SP	154.66	78.37
CPFL Sul Centrais Elétricas	6.88	4.22
PCH Ponte do Silva	0.13	0.00
UHE Serra da Mesa	657.14	345.83
UHE Barra Grande	172.54	95.17
UHE Campos Novos	428.76	184.12
UHE Monte Claro	84.5	38.35
UHE Castro Alves	84.50	41.60
UHE 14 de Julho	65.00	32.50
UHE Foz do Chapecó	327.04	220.32
UTE Baldin	45.00	12.83
UTE Termonordeste	87.11	63.14
Total	2,113.26	1,116.45
CPFL JAGUARIÚNA*		
	INSTALLED CAPACITY (MW)	ASSURED ENERGY (AVERAGE MW)
Lavrinha	0.33	
Macaco Branco	2.36	
Pinheirinho	0.64	
Rio do Peixe I	3.06	
Rio do Peixe II	15.00	8.97**
Santa Alice	0.62	
São José	0.79	
São Sebastião	0.68	
Turvinho	0.80	
Luis Eduardo Magalhães	62.54	36.49
Total	86.82	45.46
GRAND TOTAL ***	2,200	1,161.91

*CPFL Geração's share

**Confirmation of value requested from MME (8.97 avg. MW)

***CPFL Geração and CPFL Jaguariúna

Because of its high production cost and ANEEL's abolition of the Fuel Consumption Account (CCC), no assured energy was commercialized by TPP Carioba (10.7 average MW) in 2010.

Progress of construction works in CPFL Energia's generation portfolio

At the end of 2010, projects under construction were at the following stages:

Work on HPP Foz do Chapecó began in December 2006. The first hydroelectric generating unit went into commercial operation on October 14; the second on November 23; and the third on December 30, all in 2010. Commercial operations at the fourth and final generating unit are forecast to begin in March 2011. Total investment in the project is R\$ 2.7 billion.

Work at the TPP Baldin Cogeneration plant began in August 2008 and the start-up of commercial operations took place on August 27 2010. Total investment in the project is R\$ 97.8 million.

TPPs Termonordeste and Termoparaíba – 342 MW

98.3 % completed on 12/31/2010

- ▶ Civil construction: 97%
- ▶ Equipment Supply: 99%
- ▶ Electrical and Mechanical Installation: 97%

Works at TPPs Termonordeste and Termoparaíba began in October 2010. TPP Termonordeste saw the start-up of its commercial operations soon afterwards, on December 24, with TPP Termoparaíba following suit on January 13 2011. Total investment in the projects is R\$ 608 million.

CPFL Bioformosa – CPFL Brasil

In 2009, CPFL Brasil incorporated CPFL Bio Formosa as a subsidiary in order to centralize its cogeneration investments. Initially, R\$ 127 million will be invested in the construction of the thermoelectric

HPP Foz do Chapecó – 855 MW

97.5 % completed

- ▶ Civil construction: 99.5%
- ▶ Equipment supply: 97.8%
- ▶ Electrical and mechanical installation: 98.8%
- ▶ Environmental engineering work: 92.5%

plant, which will add 40 MW of installed capacity to CPFL Energia's portfolio.

Situated in the state of Rio Grande do Norte, the project is a CPFL Brasil partnership with the Farias Group, which will be responsible for supplying the biomass (sugar cane bagasse) necessary for fueling electricity generation.

Santa Clara Wind Farm – 188 MW

15.8% completed

- ▶ Design: 44%
- ▶ Civil construction: 10%
- ▶ Wind turbines: 12%
- ▶ Environmental Work: 20%

Work on the Santa Clara wind farm began in 2010. The start-up of commercial operations is forecast for July 2012. Total planned investment in the project is R\$ 801 million.

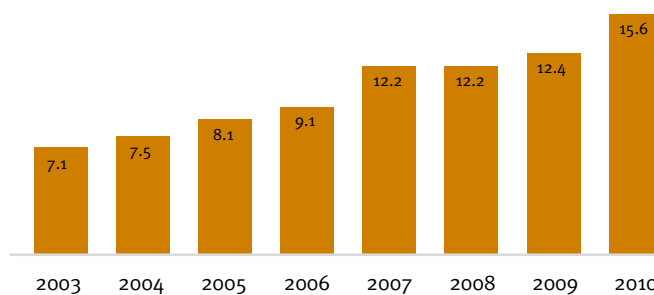
Expansion in wind sources

In 2010, CPFL Geração purchased the Campo dos Ventos II wind farm. It will have an installed generating capacity of 30 MW and assured energy of 14 average MW. It will be constructed in the municipalities of João Câmara and Parazinho in the state of Rio Grande do Norte. Construction is planned to begin in the second quarter of 2011 and the wind farm should begin commercial operations in September 2013. The total estimated construction cost is R\$ 137.9 million. The energy generated by the farm was contracted at ANEEL Auction 02 held on August 27 2010.

Operating efficiency

CPFL Geração has been achieving impressive results for various indicators of operating efficiency, a highlight being the machinery uptime rate at its plants.

Productivity - Installed Capacity / Number of Employees – 2003-2010



CPFL GERAÇÃO MACHINERY UPTIME (IN %)								
HPPS AND SHPS	2003	2004	2005	2006	2007	2008	2009	2010
HPP Serra da Mesa	83	83	83	87	92	95	94	91
HPP Barra Grande	-	-	-	85	84	96	92	99
HPP Campos Novos	-	-	-	-	89	95	90	93
HPP Monte Claro	-	-	98	99	89	92	95	95
HPP Castro Alves	-	-	-	-	-	91	93	93
HPP 14 de Julho	-	-	-	-	-	100	93	56
HPP Lajeado	-	-	-	-	-	95	93	93
SHPs CPFL Geração	95	96	96	95	97	96	93	91
SHPs Sul Centrais Elétricas	-	-	-	97	84	69	94	98

Commercialization and Services

GRI
EU1 | EU3 | EC8 | EN18
EU23 | EU30

Electricity Commercialization

In 2010, CPFL Energia's distributors' total energy sales to free market clients and through bilateral agreements (excluding related parties) were 8,806 GWh, down 12.6% compared to 2009. This was chiefly due to a fall in sales conducted through the medium of spot bilateral agreements which prevailed in 2009.

Value Added Services

The Value Added Services (VAS) business -for adding value to energy commercialization - has reported significant growth. With a large potential market, added value services are highly synergistic with the CPFL Group's other businesses.

The products and services of CPFL Brasil and CPFL Serviços include:

- ▶ Design and construction of substations and transmission lines;
- ▶ Design and construction of distribution systems;
- ▶ Self-generation systems;
- ▶ Management of electric assets through maintenance services;
- ▶ Restoration of transformers, electrical equipment and services for energy companies and clients;
- ▶ Consulting on migration to the free contracting environment;
- ▶ Energy management consultancy, participation in public power purchasing auctions
- ▶ Client representation at the CCEE (Electric Energy Trading Chamber).

In 2010, activities in the Added Value Services (VAS) sector made a significant contribution to company results, bringing in revenue of R\$ 73.5 million and EBITDA of R\$ 8.2 million, as well as opening up new business opportunities and building closer client relationships.

Performance in 2010:

- ▶ Five new self-generation plants with capacity of 14.4 MVA;
- ▶ 13 high tension substation projects with an installed capacity of 460 MVA;
- ▶ 15 transmission line projects with 175 km installed;
- ▶ Restoration of 4,335 transformers.

Another highlight of 2010 was the pilot project for generating electricity using methane gas obtained from sugarcane vinasse (the residual left following distillation).

As a goal for the coming years, the Company plans to strengthen its portfolio of Added Value Services by raising both the margin per client and reinforcing client loyalty, increasing its share of cogeneration projects and services provided to the Group's own distribution companies, thus keeping productivity gains within the business.

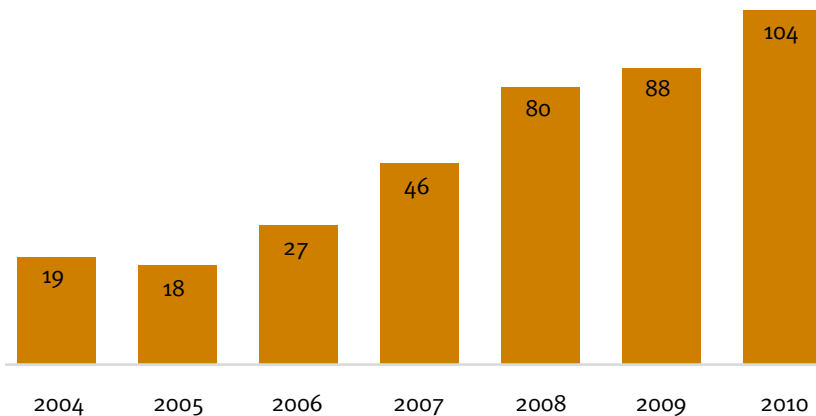
CPFL Total Network

CPFL Total is a customer service channel offering products and services and a conduit for making bill payments, enabling a network of companies to offer these services to retail customers.

The network is made up of accredited outlets that receive payment of electricity bills and other utility bills (water, telephone and bank transactions) as well as offering services such as verification of debits, issuing copies of electricity bills, reconnection and customer registration validation.

In 2010, the network increased its number of service points from 2,075 to 3,875, a 86% increase. Revenue was R\$ 30.2 million, 100% higher than the previous year.

The Services segment recorded an 18% increase in revenue compared to 2009.



Electric vehicles (EV)

In 2010, CPFL Energia’s Electric Vehicles project advanced on a number of fronts. The Company’s participation in the 10th Challenge Bibendum Rio 2010 international event involved seven vehicles, among them the Aris – a Brazilian design developed by EDRA and already licensed by the Brazilian National Traffic Department (DENATRAN) for use in Brazilian cities, and the Think City electric vehicle – produced in Europe and boasting a range of 150 km. CPFL Energia possesses the only examples of these European vehicles in Latin America and is testing their performance on Brazilian highways.

CPFL Energia also installed the first electric air conditioning unit as part of the Itaipu-Fiat-CPFL Electric Palio project, designed to meet the need for comfort in a tropical climate. The expectation is that this technology will be extended to the Aris vehicle project.

With the objective of providing a recharging infrastructure, CPFL Energia also installed a recharging point for electric vehicles at its head offices in Campinas (state of São Paulo), this also including communication via the cell phone network and control over the level of recharge. The project will involve installation of a number of recharging points in prime positions in Brazilian cities in the future allowing the driver to recharge batteries in an easy, controlled and safe manner.

In October 2010 the CPFL Group began a new partnership with the Campinas Mail Service, providing it with an electric Aris vehicle to make daily express mail deliveries. The vehicle covers approximately 60 km every day, making deliveries and demonstrating to society the use of an electric vehicle in daily life.

As a result of these initiatives, at the end of 2010 the Electric Vehicles project entered the Sustainable Innovation – Ideas and Practices Award presented by Camargo Corrêa and was the winner in the Products and Services – Sustainable Practice category.

▶ **Economic and Financial**

ECONOMIC AND FINANCIAL

The management comments on economic and financial performance and operating results should be read in conjunction with the audited financial statements and the respective explanatory notes. This information is available on CPFL Energia's IR website (www.cpfl.com.br/ri) and on the website of the Brazilian Securities and Exchange Commission (www.cvm.gov.br).

In 2010, CPFL Energia adopted the directives issued by the Accounting Pro-

nouncements Committee (CPC), which are aligned with international accounting standards (IFRS). For this reason, financial statements and balances relating to 2009 (previously reported) were restated to reflect changes resulting from the adoption of the new procedures and to allow a comparison to be made of the periods presented.

Operating Revenue

Net operating revenue grew 5.9% (R\$ 666 million) to reach R\$ 12,024 million. Excluding revenues from construction of concession infrastructure (which does not affect the result due to the corresponding cost, for the same amount), net operating revenue would have been R\$ 10,980 million, an increase of 2.2% (R\$ 238 million).

This change is due to the following, among other factors: an increase of 3.8% in sales to the captive market and an increase of 42.9% (R\$ 338 million with taxes) in revenue from the Tariff for Use of

the Distribution System (TUDS) charged to free market clients. The increase in operating revenue was partially offset by the following factors: (i) the positive impact on revenues in 2009 of the inclusion of financial components in the tariff, such as: the pass-through of cost increases resulting from the activation of thermal plants and the increase in the foreign exchange rate, in 2008, and the charging of an extraordinary rate adjustment to compensate losses incurred during the rationing period of 2001 (ending in 2009); and (ii) a fall

in commercialization and generation sales of 2.0%, excluding related parties, mainly due to a reduction in spot sales under bilateral commercialization agreements when compared with 2009.

EBITDA

EBITDA is a non-accounting measurement for calculating earnings before taxes, financial income, depreciation/amortization and the private pension fund.

Operating cash generation, measured by EBITDA, totaled R\$ 3,350 million, a 3.0% fall (R\$ 102 million), mainly reflecting the positive impact of the 2009 tariff adjustment mentioned above. The cost of electric energy increased by 3.5% (R\$ 208 million), which was substantially covered by revenue, with no material impact on EBITDA. Operating costs and expenses, excluding private pension plan expenses, depreciation and amortization, registered an increase of 10.3% (R\$ 132 million).

The increase in operating costs and expenses occurred as a result of the following factors: (i) increase of 7.3% (R\$ 41 million) in personnel expenses, stemming mainly from salary increases resulting from the collective bargaining agreements of 2009 and 2010; (ii) increase of 11.4% (R\$ 8 million) in expenses incurred for materials; (iii) a 20.2% (R\$ 78 million) rise in outsourcing services expenditure; and (iv) a 1.8% (R\$ 5 million) increase in other operating costs and expenses.

Financial Result

CPFL Energia posted a marked advance in its performance in 2010, mainly reflecting Brazil's current cycle of solid development; the immense growth potential of the domestic market – evidence of which is provided by increased energy consumption in the areas served by our distributors; the results of a strategy of expansion and diversification of the Company's portfolio of businesses; and a firm commitment to

enhancing the efficiency of the Group's companies.

Investments for the period totaled R\$ 1.8 billion. In the distribution segment, R\$ 1.1 billion went toward expanding and bolstering the electric system. A further R\$ 645 million were allocated to the generation segment, mainly to projects under construction during the period, while R\$ 28 million were invested in the commercialization and value added services segment.

Among the main factors contributing to the Group's performance, of particular note was the growth in sales in the discos' concession areas, which reached 52,044 GWh, a 7.2% increase. Of this total, 12,794 GWh were invoiced through the Tariff for the Use of the Distribution System (TUDS). Sales to the captive market totaled 39,250 GWh, up 3.8%. On the other hand, generation and commercialization sales reached 13,000 GWh, a 2.0% decline.

In the generation segment, the Group saw the operational start-up of three new projects that had been under construction. In August, the Baldin thermoelectric plant (45 MW), fueled by sugarcane biomass (bagasse), entered operation. In October, the Foz do Chapecó hydro plant (855 MW), in which the Group has a 51% stake, began operations. And December saw the start-up of TPP Termonordeste (170.76 MW), in which the Group owns a 51% stake. In addition to this, the Group purchased SHP Diamante (4.23 MW) in the state of Mato Grosso. CPFL Group's total installed generating capacity at year-end 2010 was 2,309 MW.

By the end of 2011, installed capacity will reach 2,511 MW, taking into account the operational start-up of TPP Termoparaíba (January 2011) and the Bio Buriti, Ipê and Formosa biomass plants (scheduled for the second and third quarters of 2011). In 2012, with the commencement of operations at the Bio Pedra biomass plant and seven wind farms under construction in

the state of Rio Grande do Norte (Santa Clara I, II, III, IV, V and VI and Euros VI), the CPFL Group's installed capacity will be 2,769 MW.

The CPFL Group was one of the winning bidders at the renewable energy auction held in August (ANEEL Auction 05/2010), as a result of which it will commercialize energy from the Campo dos Ventos II wind farm (30 MW).

The performance and results for 2010 reiterate the Group's successful business strategy, which is based on increasing its share of the Brazilian energy market, matched by efficiency and productivity gains.

Projections for the coming years suggest a continual expansion of the Brazilian energy market as a result of the continued growth trajectory of its domestic economy. Planning for an increased supply of electricity has been pointing toward a more diversified Brazilian Energy Matrix, based on clean and renewable sources, a field in which the Group has been demonstrating competence and competitiveness in recent years. The prospects for consolidation of the Brazilian electric sector continue. This trend directly affects the treatment that will be given to the generation, transmission and distribution concession contracts due to expire in the coming years. In the context of electricity distribution, the 3rd Tariff Review Cycle will be an critical factor for this segment, which is of key importance for the functioning and sustainability of the whole Brazilian electric sector.

In recent years, the CPFL Energia Group has been developing the abilities required to position itself strategically and take advantage of the opportunities emerging from the growth and diversification of the Brazilian economy – in particular, from the increasing economic prosperity of numerous sectors of the population – and the permanent quest to increase efficiency and competitiveness in a sector that is of strategic importance to Brazil's development.

Cash Flow

CPFL ENERGIA S.A – CASH FLOW STATEMENTS – FOR YEARS ENDING DECEMBER 31, 2010 AND 2009

	HOLDING COMPANY 2010	HOLDING COMPANY 2009	CONSOLIDATED 2010	CONSOLIDATED 2009
OPERATING CASH FLOW				
Net Income including SC and IT	1,573,800	1,619,634	2,385,372	2,472,977
ADJUSTMENTS TO RECONCILE INCOME WITH CASH FROM OPERATING ACTIVITIES				
Depreciation and amortization	145,452	148,868	691,793	673,073
Allowance for contingencies	-	9,800	(29,598)	(13,623)
Interest on debt and monetary and exchange restate mentis	21,532	40,500	613,946	572,470
Gain on pension plan	-	-	(80,629)	(3,066)
Equity income	(1,755,270)	(1,817,599)	-	-
Losses (gains) on disposal of noncurrent assets	-	1,370	1,142	(686)
Deferred taxes - PIS and COFINS	-	-	2,153	75,649
Other	-	-	536	-
DECREASE (INCREASE) IN OPERATING ASSETS				
Consumers, Concessionaires and Licensees	-	-	(34,085)	(96,260)
Dividend and interest on shareholders' equity	1,317,799	1,423,009	-	-
Recoverable taxes	38,945	22,812	3,146	9,265
Leases	-	-	(2,945)	(2,276)
Court escrow deposits	-	(9,450)	(52,109)	948
Intercompany loans with subsidiaries and affiliates	10,227	-	-	-
Other operating assets	(309)	(3,580)	(78,202)	1,165
INCREASE (DECREASE) IN OPERATING LIABILITIES				
Suppliers	(890)	848	(16,714)	(7,853)
Income tax and social contribution paid	(38,003)	(21,215)	(705,366)	(524,248)
Other taxes and social contributions	3,295	2,688	(88,996)	47,212
Employee pension plan entity	-	-	(72,235)	(86,110)
Interest paid on debt	(44,895)	(52,998)	(573,170)	(546,705)
Regulatory charges	-	-	59,792	(30,780)
Other operating liabilities	546	(65,781)	5,382	(101,891)
NET CASH FROM OPERATING ACTIVITIES	1.272.229	1.298.906	2.029.213	2.439.261

ECONOMIC AND FINANCIAL

INVESTMENT ACTIVITIES				
Increase in corporate participations	-	-	(5,752)	(31,922)
Decrease of capital in subsidiaries	-	60,236	-	-
Acquisition of property, plant and equipment	2	-	(634,931)	(549,045)
Securities	43,627	41,709	17,777	65,527
Energy pre-purchase agreements	-	-	(10,077)	(29,972)
Acquisition of intangible assets	-	(99)	(1,165,609)	(679,054)
Leases	-	-	(3,931)	(15,527)
Sale of noncurrent assets	(45)	-	828	1,092
Advances for future capital increase	-	(140)	-	-
Intercompany loans with subsidiaries and affiliates	-	(24,057)	-	-
Others	(233)	-	(192)	-
NET CASH IN INVESTMENT ACTIVITIES	43,351	77,649	(1,801,887)	(1,238,901)
FINANCING ACTIVITIES				
Loans and debentures obtained	-	-	2,571,002	2,552,433
Payments of Loans, financing and debentures, net of derivatives	(198)	(170)	(1,280,290)	(1,843,792)
Dividend and interest on shareholders' equity paid	(1,423,550)	(1,172,961)	(1,440,094)	(1,178,365)
Sale of treasury shares	-	-	137	-
Others	-	-	(2,429)	(1,847)
NET CASH USED IN FINANCING ACTIVITIES	(1,423,748)	(1,173,131)	(151,674)	(471,571)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(108,168)	203,424	75,652	728,789
INITIAL BALANCE OF CASH AND CASH EQUIVALENTS	219,126	15,702	1,487,243	758,454
FINAL BALANCE OF CASH AND CASH EQUIVALENTS	110,958	219,126	1,562,895	1,487,243

Net Income

Net income for 2010 was R\$ 1,560 million, a 7.6% (R\$ 129 million) reduction on the 2009 figure, mainly due to the following factors: (i) a 3.0% (R\$ 102 million) reduction in EBITDA; (ii) the negative effect of 5.3% (R\$ 41 million) for income tax and social contributions, due to a lower volume of tax credits used in 2010 amounting to R\$ 59 million; (iii) a 14.3% (R\$ 44 million) increase in net financial expenses; and (iv) a 4.7% net increase in depreciation and amortization (R\$ 23 million) expenses. This result was partially offset by the positive effect (R\$ 78 million) of Private Pension Fund expenses.

Debt

The Company ended 2010 with debt (including hedged debt) of R\$ 9,418 million, an increase of 19.2% on 2009.

Dividend Distribution

GRI
EC1

Management recommended distribution of R\$ 1,260 million in dividends to holders of common shares traded on BM&FBovespa. The amount distributed was equivalent to R\$ 2.619770369 per share. As a result, CPFL Energia exceeded the minimum payout of 50% of net income required under its dividend policy.

Discounting R\$ 774 million for the first half of 2010 (paid out on September 30 2010), the amount distributed was R\$ 486 million (R\$ 1.010190770 per share).

Investments

In 2010, the Group invested R\$ 1,801 million for maintaining and expanding the business, of which R\$ 1,128 million were earmarked for distribution, R\$ 645 million for generation and R\$ 28 million were directed to commercialization and services.

Among CPFL Energia's investments in 2010, highlights were:

- ▶ **Distribution** – investments were made to extend and reinforce the electricity system to meet market growth. Investments also went toward improvements, maintenance and modernization of the electric system, operating infrastructure, customer support services, and research and development programs, among others;
- ▶ **Generation** – investments mainly were mainly dedicated to HPP Foz do Chapeçó, TPP Baldin and EPASA (TPPs Termorordeste and Termoparaíba), projects that have already begun commercial operations, and TPPs Bio Formosa, Bio Buriti, Bio Ipê and Bio Pedra, and Santa Clara I, II, III, IV, V and VI and Eurus VI wind farms, projects under construction.
- ▶ **Acquisitions during the period** – the subsidiary CPFL Geração acquired a 100% stake of the following projects: (i) PCH Diamante (4.23 MW) and (ii) Campo dos Ventos II wind farm (30 MW).

Capital Markets

CPFL Energia's stock, traded in Brazil (BM&FBovespa) and New York (NYSE), currently enjoys a free float of 30.7%. In 2010, CPFL Energia shares appreciated by 25.7% on BM&FBovespa and 33.7% on the NYSE, outperforming both the IBOVESPA and Dow Jones indices, and ended the year at R\$ 41.20 per share and US\$ 76.81 per ADR. The average daily trading volume reached R\$ 33.3 million, of which R\$ 17.4 million was on BM&FBovespa and R\$ 15.9 million on the NYSE, representing an increase of 22.1%.



► **Society**





SOCIETY

GRI
EC2



Find out more >>

Access our Corporate Responsibility and Sustainability Portal at www.cpfl.com.br/sustentabilidade.

A key pillar of CPFL's strategy involves sharing its positive results with its stakeholders. Consequently, the Company formulates, implements and aligns itself with initiatives that contribute to the economic, environmental and social development of the communities in which it is present. CPFL Energia's continual efforts in this direction have been recognized: in 2010 the Company was once again selected to be a component of BMF&Bovespa's Corporate Sustainability Index (ISE), an indicator that brings together the Brazilian companies with the most outstanding sustainability practices.

CPFL is constantly evolving as a company and hence its sustainability strategy has been subject to a continual process of learning and improvement, as it strives to achieve better results for the activities in which it takes part. Until 1999, priority was given to social actions of a philanthropic and assistentialist nature through the donation of resources, goods and services to civil society organizations.

Between 2000 and 2003, the concept of corporate responsibility became one of the Company's strategic foundations. Following the creation in 2002 of a Corporate Responsibility and Sustainability Policy, between 2004 and 2006 the Company's business strategies began to incorporate

its vision of sustainability, and this soon became an essential input in the formation of business processes and practices.

From 2006, the Group decided to further its challenge of taking a leading role on the issue. In order to realize its ambition of playing a more influential and active role in the wellbeing of society, the corporate responsibility and sustainability programs were revised and new programs created with the aim of promoting the formation of networks, mobilization of society and the transfer of knowledge and technology. In 2007, the Company structured a Corporate Responsibility and Sustainability Division (PMSR) within the Institutional Relations and Communications Department, reporting directly to the CEO's office.

The Company's efforts to create a better society are guided by four main strategic imperatives:

1. Transfer of knowledge and technology: contributing to the sustainability of projects, institutions and communities, adapting management platforms and systems to the reality of the sector (e.g.: health, small enterprises);

2. Formation of networks: this stems from the premise that the complex problems of today's world demand solutions that are equally complex, and that these solutions can only be created by multi-sectoral groups (governments, corporations, NGOs, universities and research institutes);

3. Mobilization of society: uses the private sector's skills and capillarity to promote dialog and disseminate information

on issues and causes relevant to today's society (responsible consumption, sustainability, climate change, anti-corruption, education, etc).

4. Participation in benchmark initiatives: actively contributing to the work of inter-sectoral groups that aim to improve public policies and develop tools for sustainability management in the productive sector.

All the projects and/or programs that CPFL Energia implements or supports are aligned with these four lines of activity.

To improve dialog with its stakeholders, since 2008 CPFL Energia has operated its Corporate Responsibility and Sustainability Portal.

Stakeholders Panel

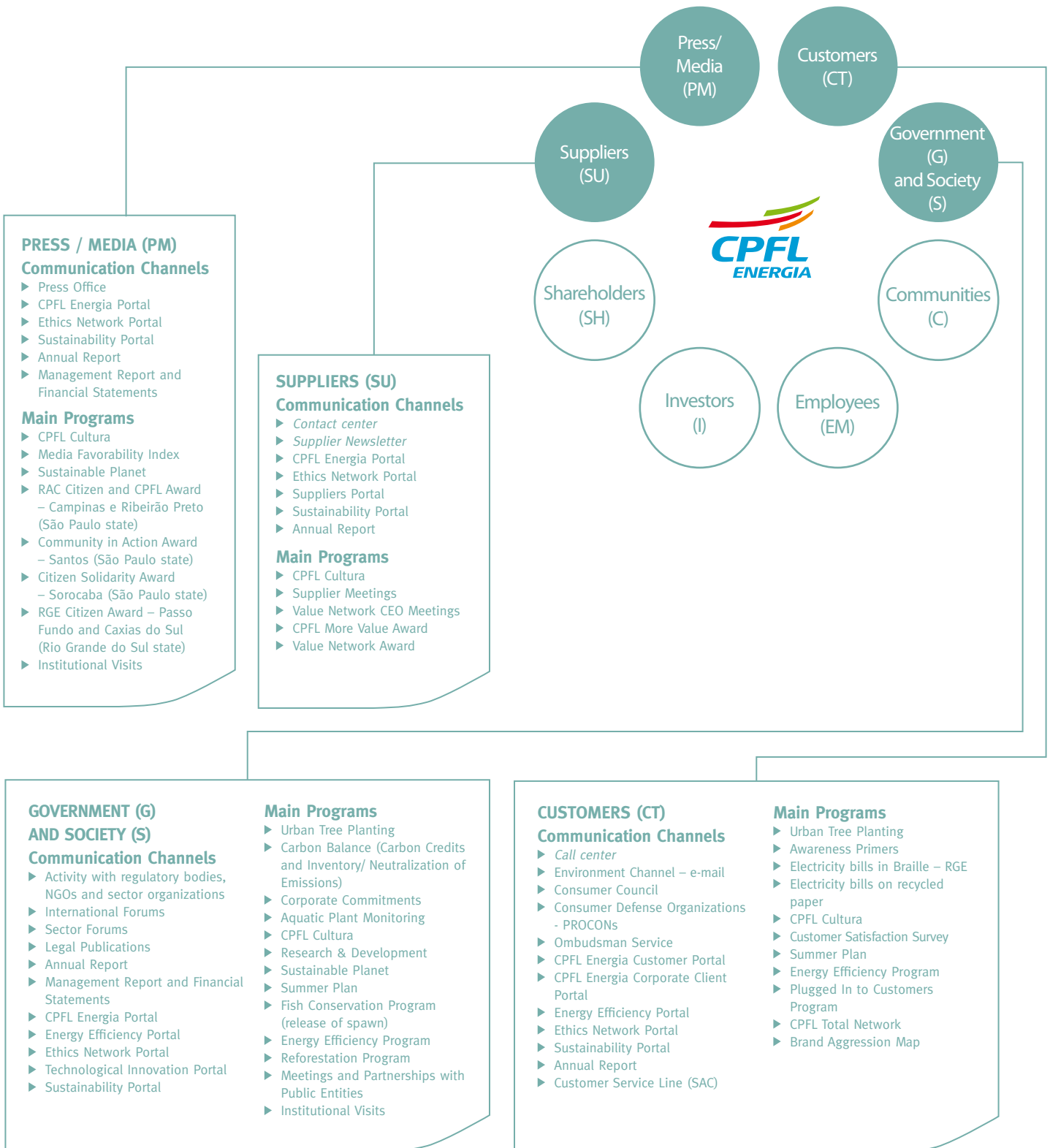
GRI
4.14 | 4.15 | 4.16 | 4.17 |
EU19

In 2010, CPFL Energia inaugurated its Dialogs with Stakeholders program in response to the challenge of establishing a systemic process for interacting with its main stakeholders.

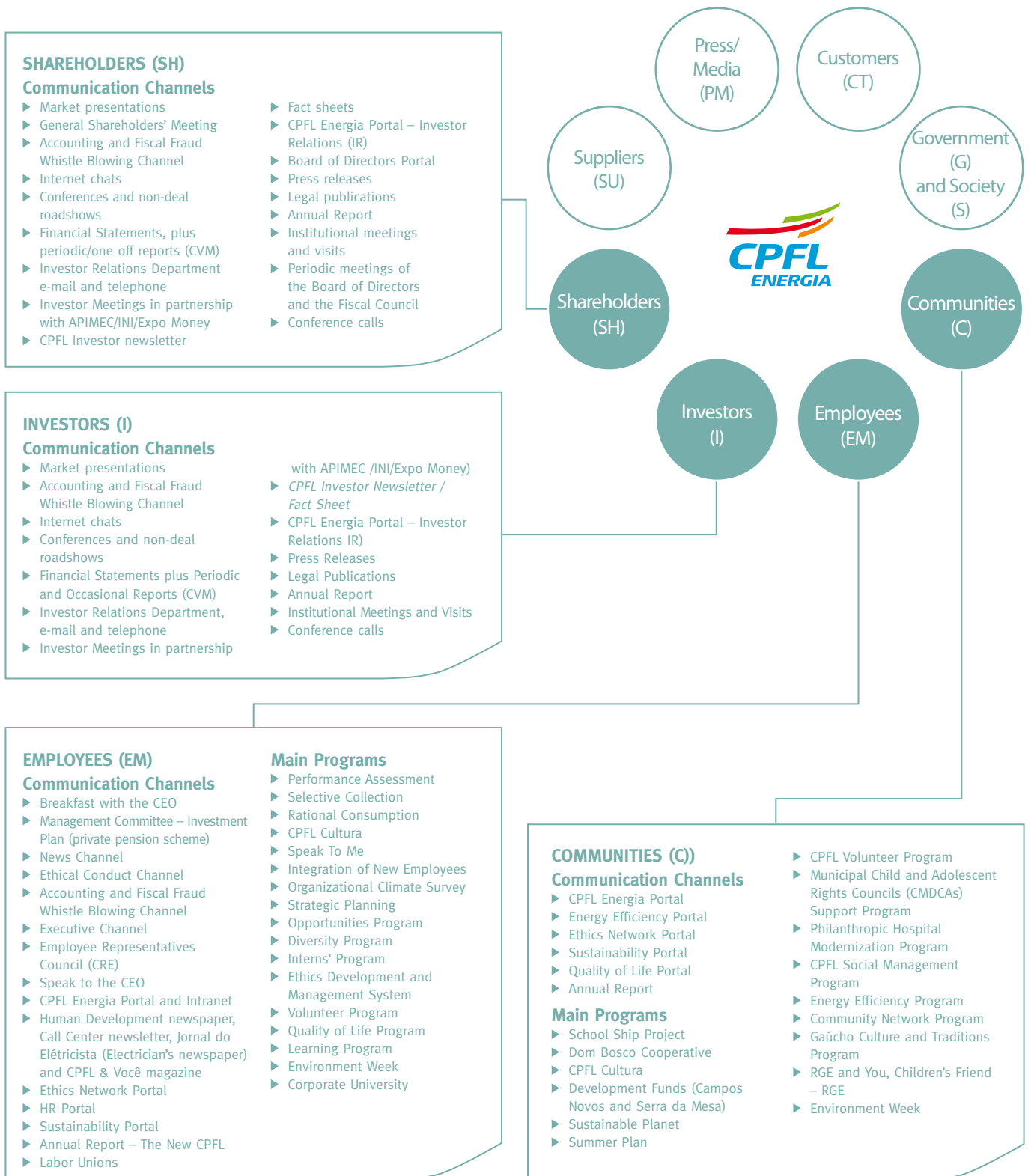
The initiative envisages regular meetings between the Company and representatives from its numerous stakeholder groups: clients, suppliers, employees, civil society, community, academia, government, sectoral bodies, investors and Group shareholders, for the purposes of continually improving its relationship with all.

The Company also uses other tools for interaction, such as customer opinion surveys, employee organizational climate surveys, forums (such as the Value Network, for suppliers), employee groups, periodic meetings with capital markets (APIMEC) and the CPFL Energia distributors' Consumer Councils (COCENS).

Stakeholders Map



Stakeholders Map



Community



PROGRAMA CPFL
REVITALIZAÇÃO
DOS HOSPITAIS
FILANTRÓPICOS



GRI
4.12 | EC8 | EC9
SO1 | SO5

Philanthropic Hospitals Modernization Program

Operating in philanthropic hospitals in the Company’s areas of activity, the CPFL Philanthropic Hospital Modernization Program aims to improve management performance and the quality of health services provided to the population. To this end, it offers training based on the Management Excellence Model (MEM) of the National Quality Foundation (FNQ) for hospital managers and workers.

The Program also encourages the formation of networks and carries out audits of the works required for improving the energy efficiency of hospital buildings, such as the substitution of internal lighting and the updating of electrical installations.

Program participants are periodically audited by the Hospital Quality Commitment (CQH). In 2010, the 2008-2010 edition of the Program reached its conclusion, with 49 hospitals benefited in 42 municipalities in the regions of Araraquara, Aracatuba, Baixada Santista, Bauru, Jaú, Ribeirão Preto and Sorocaba.



Find out more >>
<www.cpfl.com.br/sustentabilidade>

Support for Municipal Child and Adolescent Rights Councils

Carried out in partnership with the Municipal Child and Adolescent Rights Councils of CPFL Energia’s areas of influence, this Program supports projects for assisting children and adolescents using revenue from tax breaks – as per Law 8069/1990, the Child and Adolescent Statute (ECA).

In 2010, the Group donated about R\$ 2.2 million to social organizations providing assistance for children and adolescents. This benefited 356 organizations in 156 municipalities in its areas of operation.



Find out more >>
<www.cpfl.com.br/cmdca>



CPFL Social Management

With the objective of providing social organizations with training and guidance to help them fulfill their role of improving society, CPFL Energia launched the CPFL Social Management program in 2010.

This initiative provides institutions with cost-free instruction in management techniques to help them improve their business administration and run projects more efficiently.

All the training content was developed using the criteria of the Management Excellence Model (MEM) of the National Quality Foundation (FNQ) and ranges from strategic planning to the evaluation of results.

The program was rolled out in November 2010 in the cities of Itapetininga and Avaré initially with 24 beneficiaries, representing 13 organizations.

CPFL Volunteer Program

The CPFL Volunteer Program was launched in 2004 and aims to encourage employee participation in the Company's voluntary activities, thereby maximizing the effectiveness of its social activities.

Encouragement and recognition of voluntary work

CPFL Energia, in conjunction with important media partners, has promoted a program to encourage and provide recognition for voluntary work in its concession areas since the year 2000. An experienced panel assesses projects according to the following criteria: social, economic and environmental impacts, capacity for mobilization, commitment, innovation, scope for replication and alignment with the UN Millennium Development Goals (MDG).

In 2010, a total of 100 social projects were announced in the newspapers promoting the award. Of this total, 15 were awarded and a further four received honorary mentions..

A Tribuna newspaper (Santos/SP): 15 social projects were announced, of which four were given awards.

Cruzeiro do Sul newspaper (Sorocaba/SP): 18 social projects were announced, of which three were given awards.

Gazeta de Ribeirão newspaper (Ribeirão Preto/SP): 23 social projects were announced, of which four were given awards and two received honorary mentions.

Diário da Manhã newspaper (Passo Fundo/RS): ten social projects and actions were selected, all of which received a certificate of participation.

O Pioneiro newspaper (Caxias do Sul/RS): 12 social projects and actions were announced, all received a certificate of participation, two were awarded (by a panel of judges and popular vote) and one received an honorary mention.



Find out more >>

<www.cpfl.com.br/sustentabilidade>

Campinas Commitment to Education (CCE)

CPFL Energia supports the Campinas Commitment to Education (CCE), an initiative that began in 2007 from the nationwide All for Education movement and which aims to unite the public and private sectors, not-for-profit organizations and civil society through projects and programs for improving the quality of education.

The Company is one of eight companies that took part in the constitution of the movement and is also represented on the Corporate Committee.

In 2010 the 1st Education Week took place in Campinas, organized by the CCE. As part of the program for the week, CPFL held a screening of the movie *The Class* by Laurent Cantet at its headquarters.



Find out more >>

access <www.compromissocampinas.org.br> and <www.todospelaeducacao.org.br>.

Value Chain

GRI
4.16 | 4.17 | EC6



Value Network

CPFL created the Value Network Program (for more information see Chapter 4 – Strategic Management) in 2003 with the objective of encouraging the flow of sustainability concepts through its value chain. Initially directed at suppliers, the Program was extended in 2010 to further include customers and partners in the electric sector possessing suppliers in common with CPFL.

The initiative aims to encourage participating companies to build know-how by devising and sharing sustainability solutions. The Network's fundamentals are:

- ▶ To generate understanding of the changes provoked by the new economy;
- ▶ To broach sustainability in a practical manner so as to create value for companies;
- ▶ To deal with complexity by foreseeing scenarios and seeking solutions;
- ▶ To build knowledge for use by the member companies.

The Program is run with the support of AMCE Negócios Sustentáveis. Since its creation, activities have included eight Annual Supplier Meetings, six workshops and a Meeting of CEOs at CPFL Energia, as well as roaming monthly meetings.

Reflection and Debate



CPFL Cultura: dissemination of knowledge.

CPFL Cultura

CPFL looks to increase its presence in society through cultural initiatives. With this in mind it founded CPFL Cultura in 2003 as a wide-ranging cultural program designed to promote thought on the challenges and opportunities of the world today. With its fundamental offering consisting of meetings between well-known artists and intellectuals and a wide variety of audiences, all activities are offered free of charge and create opportunities for developing a broad, pluralistic world view and training individuals and institutions to deal with complex situations - an inclusive, responsible practice that contributes towards sustainability.

Installed in the cities of Campinas and São Paulo and in CPFL Energia's regional headquarters (Santos, Ribeirão Preto, Sorocaba and Bauru), CPFL Cultura offered an extensive program in 2010:

- ▶ CPFL *Coffee with Philosophy* events in Campinas, which are recorded and form the basis of a TV Cultura program, were attended by around 6 thousand people at 26 lectures. All the events were also broadcast online through the www.cpficultura.com.br site and attracted an average audience of 300;
- ▶ There were 53 broadcasts of the CPFL *Coffee with Philosophy* program with an average one million viewers per screening, and 52 broadcasts of the *Invention of the Contemporary*, both on TV Cultura;
- ▶ Campinas also hosted the *Invention of the Contemporary* lecture series over 8 nights, with a total audience of 800, also with online transmission;
- ▶ The Brazil 2014 project took place in 2010, with the aim of considering the infrastructure necessary for holding the World Cup in Brazil and the influence wielded by this sporting event across the country. The project, held

in Campinas and São Paulo, covered a total 36 events and an estimated audience of 2 thousand people;

- ▶ A total of 64 events in the regional headquarters, including cultural activities and *Coffee with Philosophy*, with an audience of over 5 thousand people;
- ▶ Over 800 people were present at 11 contemporary classical music concerts in Campinas;
- ▶ Also in Campinas, around 4 thousand people watched performances of 12 children's plays, while a further 12 Sarau Musical performances attracted an audience of 2.4 thousand;
- ▶ Campinas hosted the Brazilian Improvisations art exhibition by artist Helmut C. Schippers.

Forums promoted by CPFL Energia

GRI
4.13 | 4.16 | 4.17 | EN18
EN26 | SO5



CPFL Energia participation in domestic and international forums

In line with its strategy of playing a leading role in sustainability issues, CPFL seeks to participate actively in domestic and international forums for dialog on a range of issues, principally those related to the development of a low carbon economy.

CPFL Energia at COP-16

As at COP-15, CPFL was an official member of the Brazilian delegation at COP-16 (16th Conference of the Parties to the United Nations Framework Convention on Climate Change), held in the first half of December in Cancun, Mexico.

Its participation in 2010 was even more active, including a presence in the Brazil Section, organized by the Brazilian government, where Company representatives gave two presentations on its activities to encourage a low carbon economy.

Sustainable Planet

Since 2006, CPFL Energia has supported Sustainable Planet, Brazil's largest communications platform on sustainability for discussing, informing and creating know-



ledge about sustainability as part of the challenge of building a better world. Sustainable Planet is an initiative of the Abril Publishing Group and is disseminated through the Group's magazines and websites. Its advisory committee is comprised of experts from a range of fields. CPFL Energia is part of the project and publishes details of its sustainability, research and development and environmental activities monthly on the project's official website: www.planetasustentavel.com.br.



Find out more >>

<http://unfccc.int/2860.php>.

GRI
2.10

People



CPFL is aware that its more than 7,900 employees endow it with a key advantage in the drive for sustainable growth. Human talent is therefore valued and personal and professional development encouraged, allowing employees to serve the Company's customers and society as a whole in the best possible way.

This strategy has received public recognition: for the last nine years the Company has been included in the Exame/Você S.A

Guide to the Best Companies to Work for in Brazil: this is testament to the efforts of human resources management in adopting standards of excellence in the attraction and retention of employees and continual investment in the segment's best practices.

In 2010, the Exame magazine guide placed CPFL as the 10th best company to work for in Brazil in the large companies category.

GRI
2.2 | 2.8 | 4.4 | 4.14 | LA1
LA2 | LA10 | EU15 | LA4
LA13 | LA14 | HR5

Employee Profile

CPFL Energia ended 2010 with 7,924 employees, an increase of 6.36% over the previous year. During the period, the employee turnover rate was 10.1%, 7.8% higher than in 2009, with an average company length of service of 11 years. The average employee age was 37.

In 2010, the average hours of training per employee were 77.83, which is 7% above the 2010 Sextante Survey benchmark (the indicator used to monitor progress in employee training and development investments) of 73 hours per employee.

Integral to CPFL Energia's strategy is attracting new talent to ensure the long-term survival of its business. Its annual Intern Program aims to provide students with professional experience in a stimula-

ting work environment. The Company ended the year with 233 interns who have fixed-term contracts, though they are not registered as Company employees.

CPFL Energia does not have an exact figure for the numbers of outsourced workers, since service outsourcing contracts do not specify employee numbers per activity. This is particularly notable in general and administrative service contracts.

AVERAGE HOURS OF TRAINING PER EMPLOYEE - CPFL ENERGIA - 2007-2010 (HHT)*

2007	2008	2009	2010
97.97	91.80	81.34	77.83

*Data are approximate and may be subject to change with the implementation of new internal control systems.

EMPLOYEES BY COMPANY AND REGION

COMPANY	STATE	2004	2005	2006	2007	2008	2009	2010
CPFL Paulista	São Paulo	3,071	3,080	3,161	3,185	3,127	3,132	3,130
CPFL Piratininga	São Paulo	1,070	1,164	1,198	1,214	1,191	1,170	1,161
CPFL Geração*	São Paulo	9	6	6	140	132	138	149
Epasa	Paraíba	-	-	-	-	-	-	53
Baesa	Santa Catarina	-	-	-	23	25	13	31
Ceran	Rio Grande do Sul	-	-	-	61	69	59	64
Enercan	Santa Catarina	-	-	-	33	43	34	33
CPFL Brasil	São Paulo	51	82	96	125	110	112	153
RGE	Rio Grande do Sul	1,407	1,444	1,401	1,490	1,466	1,470	1,457
CPFL Santa Cruz	São Paulo	-	-	-	386	261	266	263
CPFL Jaguariúna**	São Paulo	-	-	-	361	232	271	258
CPFL Serviços	São Paulo	-	-	-	392	438	428	347
CPFL Atende	São Paulo	-	-	-	-	1	299	763
CPFL Energia	São Paulo	-	-	-	-	6	6	7
Foz do Chapecó	Santa Catarina	-	-	-	-	18	52	55
Total		5,608	5,776	5,862	7,410	7,119	7,450	7,924

* Includes CPFL Geração (142) and CPFL Sul Centrais (7)

** Includes CPFL Leste Paulista, CPFL Jaguari, CPFL Sul Paulista and CPFL Mococa.

The gender composition of the group responsible for managing the Company's activities remained stable compared to the previous year.

CPFL ENERGIA EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

COMPANY	STATUTORY*		EXECUTIVES		MANAGERS		LEADERSHIP		COLLEGE GRADUATES		OPERATIONAL		TOTAL	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
CPFL Paulista	0	0	0	17	10	69	10	112	179	288	276	2,169	475	2,655
CPFL Piratininga	0	0	0	3	3	22	7	47	87	159	118	715	215	946
CPFL Geração*	0	0	0	2	1	7	1	9	27	43	11	48	40	109
Epasa	0	1	0	0	0	1	0	8	2	5	5	31	7	46
CPFL Brasil	0	0	0	1	2	5	1	7	34	55	25	23	62	91
RGE	0	0	0	0	3	24	13	72	77	97	221	950	314	1,143
CPFL Santa Cruz	0	0	0	0	0	2	0	10	7	26	12	206	19	244
CPFL Jaguariúna**	0	0	0	0	0	2	-	7	17	25	18	189	35	223
CPFL Serviços	0	0	0	0	0	3	1	23	1	6	17	296	19	328
CPFL Atende	0	0	0	0	0	1	18	10	1	1	596	136	615	148
CPFL Energia	1	5	0	0	0	0	0	0	1	0	0	0	2	5
Total	1	6	0	23	19	136	51	305	433	705	1,299	4,763	1,803	5,938

* Statutory: included under CPFL Energia (holding company).

** Does not include BAESA, CERAN, ENERCAN or Foz do Chapecó.

Definitions:

Statutory Directors - CEO and Vice Presidents

Executives - Officers

Managers - Department and Division Managers.

SOCIETY

GENDER BREAKDOWN BY JOB CATEGORY – (%)

COMPANY	STATUTORY*		EXECUTIVES		MANAGERS		LEADERSHIP		COLLEGE GRADUATES		OPERATIONAL	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
CPFL Paulista	0.0	0.0	0.0	100.0	12.7	87.3	8.2	91.8	38.3	61.7	11.3	88.7
CPFL Piratininga	0.0	0.0	0.0	100.0	12.0	88.0	13.0	87.0	35.4	64.6	14.2	85.8
CPFL Geração*	0.0	0.0	0.0	100.0	12.5	87.5	10.0	90.0	38.6	61.4	18.6	81.4
Epasa	0.0	100.0	0.0	0.0	0.0	100.0	0.0	100.0	28.6	71.4	13.9	86.1
CPFL Brasil	0.0	0.0	0.0	100.0	28.6	71.4	12.5	87.5	38.2	61.8	52.1	47.9
RGE	0.0	0.0	0.0	0.0	11.1	88.9	15.3	84.7	44.3	55.7	18.9	81.1
CPFL Santa Cruz	0.0	0.0	0.0	0.0	0.0	100.0	0.0	100.0	21.2	78.8	5.5	94.5
CPFL Jaguariúna**	0.0	0.0	0.0	0.0	0.0	100.0	0.0	100.0	40.5	59.5	8.7	91.3
CPFL Serviços	0.0	0.0	0.0	0.0	0.0	100.0	4.2	95.8	14.3	85.7	5.4	94.6
CPFL Atende	0.0	0.0	0.0	0.0	0.0	100.0	64.3	35.7	50.0	50.0	81.4	18.6
CPFL Energia	16.7	83.3	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0
Total	14.3	85.7	0.0	100.0	12.3	87.7	14.3	85.7	38.0	62.0	21.4	78.6

* Statutory: included under CPFL Energia (holding company).

** Does not include BAESA, CERAN, ENERCAN or Foz do Chapecó.

Definitions:

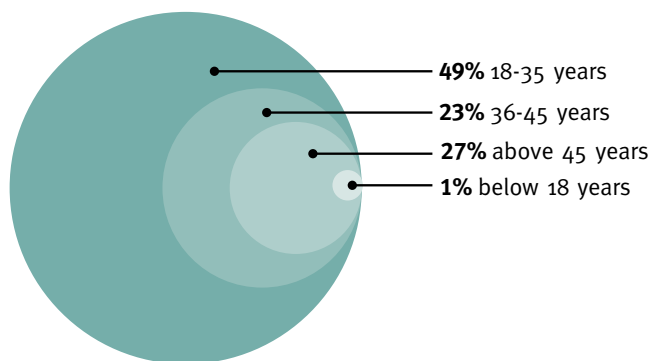
Statutory Directors - CEO and Vice Presidents

Executives - Officers

Managers - Department Managers and Division Managers.

%

COMPOSITION OF WORKFORCE BY AGE GROUP (%)



As regards age, employees aged under 18 accounted for 1% of the total, followed by those aged between 18 and 35 representing 49% of the total, the 36 – 45 age group (23%) and finally, the above 45 age group (27%).

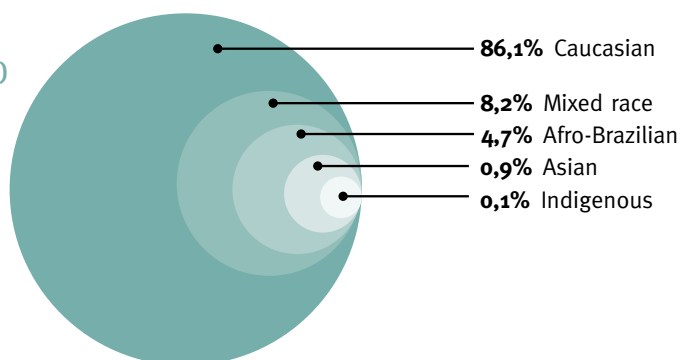
Respect for difference is a fundamental principle of the CPFL Diversity Program, which was launched in 2003. As a result of this policy, progress has been made in employee ethnic composition, with the proportion of Afro-Brazilians among total employees increasing in 2010 to 12.8%,

compared to 10.3% in 2009, up from 9.4% in 2008 and 7.8% in 2007.

The proportion of Caucasian ethnic origin was 86.2% (88.8% in 2009), Asian remained stable compared to 2009 at 0.9%, and Indigenous was also stable at 0.1% in 2010.

%

COMPOSITION OF WORKFORCE BY ETHNIC GROUP (%)



In the next five years, approximately 727 employees will reach retirement age across the CPFL Energia Group companies.

EMPLOYEES REACHING RETIREMENT AGE IN THE NEXT FIVE YEARS

COMPANY	2011	2012	2013	2014	2015
CPFL Paulista	200	93	102	90	112
CPFL Piratininga	18	7	18	15	4
CPFL Geração*	11	6	1	8	3
Epasa	0	0	0	0	0
CPFL Brasil	2	1	2	1	1
RGE	16	3	4	4	3
CPFL Santa Cruz	0	0	0	1	0
CPFL Jaguariúna**	2	0	0	1	4
CPFL Serviços	0	0	0	0	0
CPFL Atende	0	0	0	0	0
CPFL Energia	0	1	0	0	0
Total	249	111	127	120	127

* Statutory: included in CPFL Energia (holding company).

** Does not include BAESA, CERAN, ENERCAN or Foz do Chapecó.

Remuneration

AVERAGE SALARY FOR WOMEN AS A PROPORTION OF AVERAGE SALARY FOR MEN, BY CATEGORY – 2010						
COMPANY	STATUTORY* FEMALE	EXECUTIVES FEMALE	MANAGERS FEMALE	LEADERSHIP FEMALE	COLLEGE GRADUATES FEMALE	OPERATIONAL FEMALE
CPFL Paulista	NA	NA	73%	119%	76%	53%
CPFL Piratininga	NA	NA	73%	123%	85%	62%
CPFL Geração*	NA	NA	89%	140%	65%	63%
Epasa	NA	NA	NA	NA	69%	72%
CPFL Brasil	NA	NA	103%	89%	58%	78%
RGE	NA	NA	86%	55%	67%	69%
CPFL Santa Cruz	NA	NA	NA	NA	70%	75%
CPFL Jaguariúna**	NA	NA	NA	NA	74%	63%
CPFL Serviços	NA	NA	NA	63%	41%	92%
CPFL Atende	NA	NA	NA	106%	150%	94%
CPFL Energia	81%	NA	NA	NA	NA	NA

* Statutory: included in CPFL Energia (holding company).

** Does not include BAESA, CERAN, ENERCAN or Foz do Chapecó.

Definitions:

Statutory Directors - CEO and Vice Presidents

Executives - Officers

Managers - Department Managers and Division Managers.

NA: not applicable. There are no female employees for this indicator.

The Job Function and Salary Scale are applied to all functions in the Company, regardless of gender on hiring.

CPFL Energia monitors salary levels for all professional categories annually to ensure they are in line with legal requirements and the market.

Representation

All CPFL Energia employees have freedom of expression and representation, with participation in the Employee Representative Council (ERC) and the right to labor union membership. CPFL Energia also recognizes the labor unions as legal and legitimate representatives of its employees as conduits for making claims. The Group maintains regular Collective Bargaining Agreements with the labor unions.

The Collective Bargaining Agreements between the companies and the representative unions cover all CPFL Group professionals.

EMPLOYEES REPRESENTED BY LABOR UNIONS – 2009-2010 (%)

COMPANY	2009	2010
CPFL Paulista	72	64
CPFL Piratininga	47	41
CPFL Geração*	44	32
Epasa	NA	0
CPFL Brasil	19	8
RGE	ND	401
CPFL Santa Cruz	73	73
CPFL Jaguariúna	16	11
CPFL Serviços	ND	9
CPFL Atende	0	0
CPFL Energia consolidated	49	38

* Incorporated CPFL Centrais Elétricas and SEMESA S.A. in 2007.

NAP – Not applicable.

NA – Not available.

Human Resources Management

GRI
 EC3 | LA3 | LA6
 LA8 | LA11 | LA12
 EU14 | EU16

CPFL Energia has implemented a series of programs in line with its strategic plan, which aims to develop its employees' potential on both a professional and personal level. In 2010, the Company invested in a range of initiatives to enhance the value and well-being of its professional workforce and the quality of services offered to them.



Corporate University

Since 2008, the objective of the CPFL Energia Corporate University has been to prepare internal succession and identify initiatives for developing business at the subsidiary companies, by providing training and qualifications to the Company's employees and leadership.

The Corporate University is structured into three schools, whose content is organized into learning paths. It also offers a portal, through which employees can access e-learning courses, articles, forums, webcasts and tips on personal development.

Learning Paths

Learning paths are structured and systemic and include a range of solutions and learning methods for the purpose of developing the skills (knowledge, abilities and attitudes) required by employees for optimum performance in their routine professional activities.

The learning paths establish the direction to be followed by employees over the course of their professional development. Initially, the Corporate University worked with nine paths based on the key processes of the three business units (Distribution, Generation and Energy Management), the Leadership Path (leaders, managers and executives) and the Corporate Training Path for inducting new employees, which deals with the major issues concerning the business, customers, benefits, certifi-

cations, etc.

CPFL Energia's training division also includes the Support Training tool, made up of a portfolio of materials whose content is designed to assist other everyday organizational processes.

CPFL Opportunities Program

One of CPFL Energia's principles is concerned with valuing differences, which encourages respect and a sense of citizenship and contributes to a fairer society. As a result, it has been running its Opportunities Program for the inclusion of people with special needs since 2005. This initiative is designed to prepare selected candidates for the labor market through educational training. Participants spend four hours a day working at the Company and a further four at Campinas State University (Unicamp) studying a subject or a related course that complements their training.

In 2010, the Company commemorated Disabled Person's Day with a photo exhibition at CPFL Cultura that was attended by all the Program's participants. In addition to this, they gave a talk on the history of the Day and its importance during a workplace training session.

CPFL Diversity Program

The concepts underscoring CPFL's Diversity Program, created in 2003, are a respect for differences and the combat of all forms of harassment and social discrimination. To this end, it has adopted a plan to encourage the hiring of Afro-Brazilians, women, and those with special needs, with an additional focus on people aged over 45 and/or unemployed for over two years.



Personal Value

Since 2001, CPFL Energia has been using the Personal Value management system, which adopts a 360° performance appraisal system for executives, directors and managers, and a 90° system for leaders and other employees, to allow analysis of the all-round performance of its employees at their different levels of interaction. The model is strongly linked to Group values and is run annually for all employees. This allows for a more complete picture of the corporation's personnel structure.

Health, safety and quality of life

CPFL Energia possesses a specialized Safety Engineering and Occupational Medicine (SEWMS) service, based in Campinas but with decentralized operations. It includes a total of four of its own occupational health centers and over 35 doctors and partner clinics, distributed strategically across the Company's concession areas. These actions are promoted by the Safety Engineering, Workplace Medicine and Quality of Life divisions and go beyond the legal requirements. In the health area, for instance, laboratory examinations are offered annually to check for hidden chronic diseases before symptoms become apparent. In addition to informing the CPFL Group's health framework, these also provide indications for future health promotion activities.

CPFL Energia has instituted Internal Accident Prevention Commissions (IAPCs). In addition to complying with legal requirements, the Company encourages the commissions' members to disseminate workplace safety and healthy quality of life practices. Through training sessions, talks, workshops and other activities, the IAPCs raise knowledge and awareness and increase employee engagement.

CPFL Energia ended 2010 with 43 IAPCs totaling 495 members in the following Group companies: CPFL Paulista, CPFL Piratininga, RGE, CPFL Santa Cruz, CPFL Brasil, CPFL Geração, CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista and CPFL Sul Paulista.

As part of the Quality of Life Program,

employees in Campinas, Bauru and Ribeirão Preto in upstate São Paulo state, and Caxias do Sul and Passo Fundo in the state of Rio Grande do Sul, have a fitness and sports center at their disposal free of charge in their company, offering weight training equipment, a gym and cardiovascular workout machines. Workers in these towns also have on offer workplace exercises aimed at preventing occupational illnesses (such as RSI and other work-related injuries) and promoting a healthy and relaxed working environment.

At other units arrangements have been made with third party fitness centers for monthly membership at subsidized rates. There are also special arrangements in place with spas and rural hotels that offer employees and their family members monthly discounts.

Speak to Me

Created in 2006, the Speak to Me Program is a psycho-social support service to assist with personal problems, typically of those of a legal, financial, psychological or social nature. It is available to employees of CPFL Paulista, CPFL Piratininga, CPFL Brasil and CPFL Geração and their immediate families.

Treatment is confidential and operational 24 hours a day via a toll-free telephone service, which directs the caller to the area for which guidance is requested. Since its inception, over 2 thousand issues have been handled and resolved. The Program has received positive feedback in employee satisfaction surveys.

Benefits Program

At CPFL Paulista, CPFL Piratininga, CPFL Geração and CPFL Brasil, employees linked to the CESP Foundation receive fringe benefits in line with best labor market practices, namely pension plans, medical insurance, food and travel vouchers, daycare allowance and profit sharing.

For these employees, the Company also offers personal loans; life, home and vehicle insurance; and specific health-related reimbursements.

RGE

RGE employees receive benefits such as pension plan, medical insurance with dental assistance, meal and food vouchers, early salary payment, daycare allowance, personal/ consigned loans, participation in profits, life insurance, subsidized medication, school kit, refund of driver's license costs, post-vacation bonus and special needs assistance.

Study grants are also offered annually for technical, graduate, postgraduate, MBA and Master's degree courses.

Other CPFL Energia companies

CPFL Santa Cruz offers a pension plan, medical, hospital and dental assistance, and food and travel vouchers. In addition, employees enjoy benefits such as personal loans, personal and accident insurance also extended to spouses, subsidized medication purchases, study grants and travel assistance to and from place of study.

The distributors CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista and CPFL Sul Paulista offer their employees a pension plan, medical, hospital and dental assistance, meal and food vouchers, subsidized medication purchases, vacation loans, life insurance and workplace exercises. Company employees are also offered the benefit of agreements with universities and language schools.

Temporary employees have the right to medical and hospital treatment, a basic basket of goods plus travel vouchers through an intermediary company used by CPFL Energia.

At other companies in which CPFL Energia has a stake, employees are offered benefits in line with market practices which comply with all legal requirements.

PRIVATE PENSION PLANS								
COMPANY	PLAN	PLAN ADMIN	PARTICIPATING SALARY	PARTICIPANT CONTRIBUTION			COMPANY CONTRIBUTION	TYPE OF PLAN
				SALARY RANGE (R\$)	CONTRIBUTION RATE (%)	DEDUCTABLE (R\$)		
PAULISTA BRASIL GERAÇÃO ENERGIA	PPCPFL	CESP FOUNDATION	Salary amount subject to Social Security charges, excluding allowances, profit sharing, daily travel vouchers, or any one-off payments.	Up to 2,561.08	3	-	8.23% of Base Salary, consisting of 1.42% for Risk Benefits and 6.81% for DC. The company's contribution for base salaries above R\$ 7,683.24 (UCB) for Defined Contributions is allocated on a straight-line basis among all active participants of the pension plan.	Variable contribution, with elements of Defined Contribution (DC) and Defined Benefit (DB) plans
				From 2,561.09 to 7,683.24	5	51.22		
				Above 7,683.24	10	435.38		
PIRATININGA	PSAP PIRATININGA	CESP FOUNDATION	Fixed costs: - base salary; - add-on for length of service; - add-on for unhealthy work; - risk premium; - supplement for position. Variable income: - overtime; - gratification as a function of post pay for nighttime working; - on-call compensation; - extra work; - multi-position.	70% of base salary for total contribution (R\$)			DB – Parity DC – contributes at the same percentage rate chosen by participants limited to 5% on 30% of the base salary. The value of PU (Piratininga Unit) is R\$ 2,103.04. Ceiling of R\$ 21,030.40 and contribution limit.	The value of the pension supplement is predetermined. The Plan also allows the participant to make a Defined Contribution (DC).
				Up to 1,051.52	1.45	-		
				From 1,051.53 to 2,103.04	3.5	21.56		
				From 2,103.05 to 14,721.28	4.62	45.11		
				Optional up to 30% of base salary	% subject to free choice	-	Parity contribution with participant's contribution, limited to 5%.	
RGE	RGEPREV	BRADESCO	Base salary + Risk premium	Amount up to 1 URGE (R\$ 3,069.48)	1	-	150% of the base contribution made by the participant. Special contribution for those who joined between 05/01/98 and 12/31/05. Basis for calculation: normal contribution multiplied by number of months of uninterrupted service starting from 05/01/98. Monthly value is 1/72.	PGBL
				Amount exceeding 1 URGE	7.5	-		
SANTA CRUZ	SANTA CRUZ PREV	BBPREV	Base salary + Bonus for length of service	100% of Participating Salary	1%; 2%; 3%; 4%; 5%; 6%	-	Company's normal contribution equals 100% of participant's base contribution limited to 6%. In cases where the participant's applicable base salary is less than 15 (fifteen) times the value of the Santa Cruz Reference Unit (R\$ 301.53 - Base 01/2011), the company's maximum contribution is up to 1.5% of the applicable base salary.	Defined Contribution (DC)

SOCIETY

JAGUARI SUL PAULISTA LESTE PAULISTA MOCOCA	CMS PREV	IHPREV	Base salary + Risk premium	Non-contributing Participants: All participants earning a salary less than 1 PRU (R\$ 3,368.90)	No contribution	-	Contributing Participant: 100% of contributing participant's base contribution, limited by the following formula $[2.0\% \times PS] + [14.0\% (PS - PRU)]$, where: PS = Participating Salary and PRU = Pension Reference Unit	Defined Contribution (DC)	
				Contributing Participants: All participants earning a salary greater than or equal to 1 PRU (R\$ 3,368.90)	2%; 4%; 6%; 8%; 10%; 12%; 14%	-	Non-Contributing Participant: Total participating salaries (of all participants in the company plan) x minimum benefit index determined by actuary = ?? / total NON-contributing participants = VALUE OF MINIMUM BENEFIT PER NON-CONTRIBUTING PARTICIPANT		
SERVIÇOS	CMS PREV	IHPREV	Base salary + Risk premium	Non-contributing Participants: All participants earning a salary less than 1 PRU (R\$ 3,781.86)	No contribution	-	Contributing Participant: 100% of contributing participant's base contribution, limited by the following formula $[2.0\% \times PS] + [14.0\% (PS - PRU)]$, where: PS = Participating Salary and PRU = Pension Reference Unit	Non-Contributing Participant: Total participating salaries (of all participants in the company plan) x minimum benefit index determined by actuary = ?? / total NON-contributing participants = VALUE OF MINIMUM BENEFIT PER NON-CONTRIBUTING PARTICIPANT	
				Contributing Participants: All participants earning a salary greater than or equal to 1 PRU (R\$ 3,781.86)	2%; 4%; 6%; 8%; 10%; 12%; 14%	-		Defined Contribution (DC)	
EPASA	EPASA	BRADESCO	Base salary and/ or pro labore and/ or fees	100% of Participating Salary	Statutory Director positions - unlimited contribution	-	Contribution equal to participant's contribution, limited to 10%.	PGBL	
					Non-Statutory Director positions - unlimited contribution	-	Contribution equal to participant's contribution, limited to 6%.		
ATENDE	Currently no plan								
SUL CENTRAIS	Currently no plan								
COMPANY	PLAN	PLAN ADMIN	PARTICIPATING SALARY	SALARY RANGE (R\$)	PARTICIPANT CONTRIBUTION			COMPANY CONTRIBUTION	TYPE OF PLAN
CEOs Officers Directors Managers	PGBL	BRADESCO BRASILPREV	Base salary and/ or pro labore and/ or fees	Base salary	CONTRIBUTION RATE (%)	DEDUCTABLE (R\$)		CEO and Officers: parity contribution up to 10%	PGBL
					% subject to free choice				

Safety

GRI
EU16 | EU24 | EU25
LA7 | PR1 | SO1



One of CPFL Energia's permanent objectives is to offer a safe and healthy working environment. As a result the Group systematically monitors the accident Frequency Rate (FR) and Degree of Severity (DS) at its companies. The Frequency Rate monitors the number of accidents relative to employee numbers and the Degree of Severity measures the number of work days lost as a result of workplace accidents.

All serious accidents are investigated and analyzed by the Accidents Investigation and Analysis Group (AIAG) which aims

to identify both the immediate and the underlying causes, and shortcomings and failures in control which contributed to the accident. It is the Group's responsibility to issue a report to management so that the identified causes can be remedied.

In 2010, accident prevention procedures were further improved with the launch of the Go and Come Back Program, a series of mechanisms and tools that aims to eliminate workplace accident risks and encourage safer execution of daily operational tasks at the Group companies.

FREQUENCY RATE AND DEGREE OF SEVERITY AMONG EMPLOYEES – 2008-2010

COMPANY	2008		2009		2010	
	FR	DS	FR	DS	FR	DS
CPFL Energia	1.45	118	1.32	487	1.17	54
CPFL Paulista	1.89	210	1.09	975	0.94	55
CPFL Piratininga	0.41	6	1.24	9	0	0
CPFL Geração	0.0	0	7.67	234	0	0
CPFL Brasil	4.63	14	0	0	3.77	19
RGE	1.51	81	1.83	96	1.52	63
CPFL Santa Cruz	1.64	23	0	0	5.68	336
CPFL Jaguariúna	0	0	0	0	1.81	5

FREQUENCY RATE AND DEGREE OF SEVERITY AMONG OUTSOURCED WORKERS – 2008-2010

COMPANY	2008		2009		2010	
	FR	DS	FR	DS	FR	DS
CPFL Paulista	5.54	1,988	7.46	1,182	8.38	3,981
CPFL Piratininga	1.08	12,44	4.10	149	3.76	2,680
CPFL Geração	0	0	0	0	0	0
CPFL Brasil	-	-	0	0	0	0
RGE	14.56	2,617	10.57	2,172	8.58	160
CPFL Santa Cruz	6.64	199	4.79	895	6.21	186
CPFL Jaguariúna	2.09	15	5.48	55	8.12	104

Prevention in the community

Electric shock has been identified as the principal cause of accidents involving inhabitants of the communities served by the Group's distributors. The majority of problems involve the handling of antennae near wires, children flying kites and agricultural equipment operating in close proximity to electricity lines and networks.

In this context CPFL runs a range of initiatives to remind the public of the risks involved in using electricity and to increase consumer awareness of the precautions necessary for preventing accidents. In 2010, campaigns were implemented to publicize messages on the safe use of electricity and child safety.

CPFL Energia Group companies are appropriately trained in the prevention of electricity-related accidents as well as the mitigation of any adverse conditions in the event of an occurrence. The Group's prevention and emergency service procedures have been formulated with the safety of all interested parties in mind: employees, service providers, consumers and the general public.

NUMBER OF ACCIDENTS AND FATALITIES IN THE COMMUNITY – 2008-2010

COMPANY	2008		2009		2010	
	ACCIDENTS	FATALITIES	ACCIDENTS	FATALITIES	ACCIDENTS	FATALITIES
CPFL Paulista	36	10	13	3	23	6
CPFL Piratininga	8	1	13	2	11	3
CPFL Leste Paulista	0	0	1	1	0	0
CPFL Sul Paulista	0	0	1	1	0	0
RGE	13	3	19	4	11	5
CPFL Santa Cruz	1	0	1	0	0	0
CPFL Jaguari	1	0	1	0	0	0
CPFL Mococa	0	0	1	1	0	0

Leadership and Social Influence

GRI
4.13

CPFL Energia and its subsidiaries are members of the following institutions and associations:

CPFL Energia

- ▶ ABDIB – Brazilian Heavy Industries and Infrastructure Association
- ▶ Aberje – Brazilian Corporate Communication Association
- ▶ Abrasca – Brazilian Association of Publicly Listed Companies
- ▶ Abrinq – ABRINQ Foundation for Children Association
- ▶ FNQ – National Quality Foundation
- ▶ Acende Brasil Institute
- ▶ Akatu Institute for Responsible Consumption
- ▶ Ethos Institute for Corporate Social Responsibility
- ▶ IBGC – Brazilian Corporate Governance Institute
- ▶ MBC – Competitive Brazil Movement
- ▶ CEBDS – Brazilian Corporate Council for Sustainable Development

CPFL Geração

- ▶ Apine – Brazilian Association of Independent Electricity Producers
- ▶ International Hydropower Association

CPFL Brasil

- ▶ Abracel – Brazilian Association of Electricity Commercializers

CPFL Paulista

- ▶ Abradee – Brazilian Association of Electricity Distributor
- ▶ Ciesp – São Paulo State Center for Industry
- ▶ Siesp – São Paulo State Electricity Industry Union
- ▶ Cigré – Brazil – Brazilian National Electricity Generation and Transmission Committee
- ▶ COGE Foundation

CPFL Piratininga

- ▶ Abradee – Brazilian Association of Electricity Distributors
- ▶ Ciesp – São Paulo State Center for Industry
- ▶ Siesp – São Paulo State Electricity Industry Union

RGE

- ▶ Abradee – Brazilian Association of Electricity Distributors
- ▶ Aberje – Brazilian Corporate Communication Association
- ▶ FNQ – National Quality Foundation
- ▶ Federasul – Rio Grande do Sul State Federation of Commercial and Service Associations

CPFL Santa Cruz

- ▶ Siesp – São Paulo State Electricity Industry Union

CPFL Leste Paulista

- ▶ Abradee – ABrazilian Association of Electricity Distributors
- ▶ ABCE – Brazilian Association of Electricity Concessionaires
- ▶ Ciesp – São Paulo State Center for Industry
- ▶ Siesp – São Paulo State Electricity Industry Union

CPFL Jaguarí

- ▶ Ciesp – Centro das Indústrias do Estado de São Paulo
- ▶ Siesp – Sindicato da Indústria de Energia Elétrica no Estado de São Paulo
- ▶ Associação Comercial e Industrial de Jaguariúna

CPFL Sul Paulista

- ▶ Ciesp – São Paulo State Center for Industry
- ▶ Siesp – São Paulo State Electricity Industry Union

CPFL Mococa

- ▶ Ciesp – São Paulo State Center for Industry
- ▶ Siesp – São Paulo State Electricity Industry Union

SOCIETY

Program/Project	Target Audience *	Global Compact	Objectives	Situation in 2010	Results in 2010	Partners
CPFL CULTURA	EM/ SH/ S/ CT/ SU/PM	6/7/8/9	To reflect on and discuss the challenges and opportunities of the contemporary world through meetings of renowned artists and intellectuals with the general public	In progress	In 2010, CPFL Cultura achieved: 53 screenings of the CPFL Coffee with Philosophy program with an average one million spectators per program, and 52 screenings of the Invention of the Contemporary program in TV Cultura's programming; the Brazil 2014 project, with the aim of considering the infrastructure necessary for holding the World Cup in Brazil and the influence wielded by this sporting event across the country, comprising a total of 36 events and an estimated audience of 2 thousand people; a total of 64 events in the regional headquarters, including cultural activities and Coffee with Philosophy, with an audience of over 5 thousand people; over 800 people present at 11 contemporary classical music concerts in Campinas, São Paulo state	TV Cultura
CPFL PHILANTHROPIC HOSPITALS MODERNIZATION PROGRAM	S	1/2/6/7/8/9/10	Aims to improve management performance and the quality of health services provided to the population	In progress	In 2010, the 2008-2010 edition of the Program reached its conclusion, with 49 hospitals benefited in 42 municipalities in the regions of Araraquara, Araçatuba, Baixada Santista, Bauru, Jaú, Ribeirão Preto and Sorocaba, all in the interior of São Paulo state	São Paulo State Santa Casa Study Center (CEALAG), Federation of Philanthropic Hospitals of the State of São Paulo (FEHOSP), the São Paulo State Health Secretariat, Commitment to Hospital Quality (CQH) and the National Quality Foundation (FNQ)
CPFL SUPPORT FOR MUNICIPAL CHILD AND ADOLESCENT RIGHTS COUNCILS	S	1/2/5/7/8	The Program supports projects for assisting children and adolescents using revenue from tax breaks – as per Law 8069/1990, the Child and Adolescent Statute (ECA)	In progress	In 2010, the Company donated about R\$ 2.2 million to social organizations providing assistance for children and adolescents, benefiting 356 organizations in 156 municipalities in its areas of operation	CMDCA's in CPFL Energia's areas of operation
ETHICS MANAGEMENT AND DEVELOPMENT SYSTEM	EM/SH/S/ CT/GO	1/2/3/4/5/6/7/8/9/10	The EMDS possesses a range of mechanisms to disseminate and apply the Company Code, and thereby strengthen the propagation of ethical principles among all CPFL employees. Among these are the Access Channels; the Ethics Network, formed of a group of employees from different departments to offer support and assist management; and the Ethical Consultancy, a channel for consultation and advice on ethical doubts and conflicts	In progress	The following activities were carried out in 2010: <ul style="list-style-type: none"> • the Ethics and Corporate Conduct Committee assessed 41 reports received from the Ethical Conduct Channel • Ethical Consultancy, a virtual channel where a specialist consultant clarifies ethical doubts, received 65 enquiries in 2010 • Handling of three internal, 16 external and 22 anonymous enquiries received by the Ethics Committee concerning the Code of Ethics • Summaries and references of institutional conduct were written and circulated • The Committee was formed of seven members, including one representing civil society • A clause covering any infringement of the CPFL Energia Code of Ethics was used in service provider contracts • Activities of the Ethics Committee posted on the CPFL Energia News Portal 	Specialized consultancy
VALUE NETWORK	EM	1/2/3/4/5/6/7/8/9/10	It is a suppliers' forum that aims to promote debate on the main dilemmas faced by companies in the sustainability management field, including those concerning ethics and the fight against corruption	In progress	In 2010, CPFL Energia held a further meeting of the Value Network, which has helped some companies to improve their ethical conduct. Landys+Gyr, an electricity meter supplier, replicated this CPFL initiative among its service providers, increasing the range of the initiative.	AMCE Negócios Sustentáveis

SOCIETY

Program/Project	Target Audience *	Global Compact	Objectives	Situation in 2010	Results in 2010	Partners
INTERNATIONAL FORUMS	S	7/8/9	To promote debate and systematize information in areas of interest to CPFL Energia and its stakeholders, making available knowledge and examining trends and scenarios	In progress	CPFL was a member of the Brazilian delegation at COP-16 held in Cancun, Mexico.	Roberto Marinho Foundation, Canal Futura, National Social and Economic Development Bank (BNDES)
CAFÉ ABERJE CAMPINAS CHAPTER	EM S	1/7	To promote debate on the best corporate communication practices	In progress	In 2010 a special meeting took place in São Paulo to discuss management models of different areas in corporate communication	Brazilian Corporate Communication Association (ABERJE)
PROGRAMA CPFL DE VOLUNTARIADO	S	1/2	To encourage employee participation in the Company's voluntary activities, thereby maximizing the effectiveness of its social activities	In progress	The winter coat campaign collected over 11 thousand items of clothing, shoes and blankets	São Paulo State Fund for Solidarity and Social and Cultural Development
ENCOURAGEMENT AND RECOGNITION OF VOLUNTARY WORK	S/EM/PM	1/2/7/8/9	A program to encourage and provide recognition for voluntary work in CPFL Energia's concession areas	In progress	In 2010, 100 social projects were announced in the newspapers promoting the award, of which 15 were awarded and a further four received honorary mentions	<i>Correio Popular, A Tribuna, Cruzeiro do Sul, Gazeta de Ribeirão, O Pioneiro and Diário da Manhã</i> newspapers
SUSTAINABLE PLANET	EM/SH/S/CT/SU/PM	1/2/3/4/5/6/7/8/9/10	Brazil's largest communications platform on sustainability for discussing, informing and creating knowledge about sustainability as part of the challenge of building a better world	In progress	Monthly publishing details of its sustainability, research and development and environmental activities on the project's official website: www.planetasustentavel.com.br	Grupo Abril, Banco Santander, Sabesp, Petrobras and Bunge
PERSONAL VALUE	EM	1/2/3/4/5/6/7/8/9/10	A 360° performance appraisal system for executives, directors and managers, and a 90° system for leaders and other employees of CPFL Energia	In progress	This evaluation model is run annually and covers 100% of employees	Datasul
INTERN PROGRAM	EM	1/2/6	To provide students with professional experience in a stimulating work environment	In progress	In 2010, 233 interns were taken on with fixed-term contracts (not linked to future employment)	SLRH
CPFL OPPORTUNITIES PROGRAM	S	1/2/6	Aimed at the inclusion of people with special needs, respecting and defending citizenship	In progress	The Company commemorated Disabled Person's Day with a photo exhibition at CPFL Cultura	Plura RH
LEARNING (APRENDER) PROGRAM	S	1/2/6/7/8	To train young interns for the job market	In progress		-
CPFL DIVERSITY PROGRAM	EM/S	1/2/6	To promote respect for differences and combat all forms of harassment and social discrimination	In progress	Increase in the proportion of Afro-Brazilians among total employees, to reach 12.8%	-
CPFL ENERGIA CORPORATE UNIVERSITY	EM	1/2/6	Seeks to align learning to business strategy and objectives by offering qualifications and necessary skills to all levels of employee	In progress	The Corporate University is structured into three schools, whose content is organized into learning paths. Employees can also access, via a portal, e-learning courses, articles, forums, websites and tips for development	Overlap
TALK TO ME PROGRAM	EM	1/2	To offer psychosocial support to assist with personal problems, typically those of a legal, financial, psychological or social nature	In progress	Since its inception in 2006, over 2 thousand issues have been heard and resolved	Mind Performance LTDA.
CPFL MORE VALUE AWARD	SU	1/2/3/4/5/6/7/8/9/10	To recognize and give prominence to suppliers seeking quality in their products and services	In progress	The 4th edition of the annual CPFL More Value Award assessed the performance of 298 suppliers and selected the 46 best companies after examining a range of criteria such as quality, punctuality, safety, respect for the environment and social responsibility	-

SOCIETY

Program/Project	Target Audience *	Global Compact	Objectives	Situation in 2010	Results in 2010	Partners
ENERGY EFFICIENCY PROGRAM - CPFL PAULISTA	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 49,485.31 and Reduction in peak Demand (kW) = 23,104.58	-
ENERGY EFFICIENCY PROGRAM - CPFL PIRATININGA	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 32,476.21 and Reduction in peak Demand (kW) = 16,476.81	-
ENERGY EFFICIENCY PROGRAM - RGE	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 5,960.11 and Reduction in peak Demand (kW) = 1,524.39	-
ENERGY EFFICIENCY PROGRAM - CPFL SANTA CRUZ	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 380.00 and Reduction in peak Demand (kW) = 240.00	-
ENERGY EFFICIENCY PROGRAM - CPFL JAGUARI	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 284.00 and Reduction in peak Demand (kW) = 228.00	-
ENERGY EFFICIENCY PROGRAM - CPFL LESTE PAULISTA	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 213.00 and Reduction in peak Demand (kW) = 171.00	-
ENERGY EFFICIENCY PROGRAM - CPFL SUL PAULISTA	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 284.00 and Reduction in peak Demand (kW) = 228.00	-

SOCIETY

Program/Project	Target Audience *	Global Compact	Objectives	Situation in 2010	Results in 2010	Partners
ENERGY EFFICIENCY PROGRAM - CPFL MOCOCA	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage, to persuade society to reflect more on this issue, and to be active in the economic, social and environmental development of the areas in which the company is present	In progress	Energy Saving (MWh/year) = 106.50 and Reduction in peak Demand (kW) = 85.50	-
ENVIRONMENT WEEK	EM/S	7/8/9	To encourage discussion of issues related to environmental protection among different audiences	In progress	The theme of Environment Week in 2010 was "Change starts with you" in an attempt to build public awareness of the fact that small changes in everyday actions can lead to big benefits for the environment. During the week, activities included workshops showing the functioning of solar-powered heaters, an ecological gymkhana, and children's theater performances, as well as the donation of 1,726 seedlings, test drives of an electric car, a workshop on making soap from used cooking oil, and a lecture on the low carbon economy	-
CARBON CREDIT COMMERCIALIZATION - REPOWERED SHPS	SH	7/8/8	To qualify company projects as Clean Development Mechanisms in order to be able to obtain and trade carbon credits	In progress	The trading of carbon credits from the repowered SHPs obtained gross invoiced sales of € 259,565	-
CARBON CREDIT COMMERCIALIZATION - HPPS AND TPPS	SH	7/8/9	To qualify company projects as Clean Development Mechanisms in order to be able to obtain and trade carbon credits	In progress	Trading occurred of the carbon credits obtained from operations in 2009; HPP Monte Claro, operated by CERAN, invoiced an amount equivalent to €1,536,685	-
URBAN TREE PLANTING PROGRAM	EM/S	8	To reduce the need for pruning and interfering with trees, to guarantee electricity distribution quality, to secure the benefits of a high level of tree coverage and to raise awareness and education levels regarding the importance of this issue.	In progress	In 2010, CPFL Paulista served 38% of the municipalities in its operating area and donated 200.5 thousand seedlings. CPFL Piratininga covered 25.93% of its municipalities, donating 9.2 thousand seedlings. Together, CPFL Sul Paulista and CPFL Leste Paulista served 21% of the towns where they operate through the donation of 12.7 thousand seedlings. CPFL Santa Cruz served 37% of the municipalities in its operating area by donating around 18 thousand seedlings.	Bioflora and local government
AQUATIC PLANT MONITORING PROGRAM	S	7/8/9	To control aquatic plants for the proper functioning of the generating turbines and to allow multiple uses of the reservoirs of the hydro plants	In progress	For example, in 2010, this involved the collection and removal of 22,233 m of aquatic plants (equivalent to 44.8 ha) from the HPP Americana reservoir in São Paulo state	-
HPP BARRA GRANDE ENVIRONMENTAL PROGRAMS	S	7/8/9	To mitigate and compensate for the socio-environmental impacts of projects	In progress	Creation, joint with the Association of Municipalities of the Serrana Region (AMURES) the Public Prosecutor's Office of Santa Catarina and the Inter-municipal Consortium for Basic Sanitation and the Environment (CISAMA), of the Sources of the Future Project for encouraging the conservation of water resources	-
HPP FOZ DO CHAPECÓ ENVIRONMENTAL PROGRAMS	S	7/8/9	To mitigate and compensate for the socio-environmental impacts of projects	In progress	Agreement reached with Chapecó city government by which Foz do Chapecó Energia became a partner of the Good Water Program aiming to preserve an area of 700 hectares around the headwater area of the Lajeado São José river	-
CERAN ENVIRONMENTAL PROGRAMS	S	7/8/9	To mitigate and compensate for the socio-environmental impacts of projects	In progress	Conclusion of the implementation of the protection belt for the reservoirs with installation of a total of 17,723 meters of fencing and planting of 46,811 seedlings	-
HPP SERRA DA MESA ENVIRONMENTAL PROGRAMS	S	7/8/9	To mitigate and compensate for the socio-environmental impacts of projects	In progress	Set up of two projects to provide horticultural and fishery training in the municipality of Minaçu (Goiás state)	-

SOCIETY

Program/Project	Target Audience *	Global Compact	Objectives	Situation in 2010	Results in 2010	Partners
ENVIRONMENTAL MANAGEMENT SYSTEM	S/EM/ CT	1/2/3/4/5/ 6/7/8/9/10	To control activities and guide the execution of operating processes of energy distribution and generation, in line with the requirements of certifications and environmental legislation	In progress	The companies' processes and assets are subject to an annual evaluation covering aspects such as use of materials, atmospheric emissions, effluent flows, waste and the social impact of its activities. This allows any issues detected to be controlled in a timely manner	-
BRAZILIAN COMMITTEE OF THE GLOBAL COMPACT (CBPG)	S	1/2/3/4/5/ 6/7/8/9/10	To encourage the international corporate community to recognize fundamental values in the fields of human rights, labor relations, environment and the fight against corruption	In progress	CPFL Energia took part in 10 meetings held by the organization and became a member of its leadership body	Corporate Committee Members and the UN
CARING FOR CLIMATE	S	7/8/9	To develop initiatives that combat the causes of climate change	In progress	Caring for Climate is the environmental initiative of the Global Compact. As a member of the Brazilian Committee for the Compact, CPFL follows and takes part in Brazilian discussions concerning the commitment	Signatory Companies
OPEN LETTER TO BRAZIL ON CLIMATE CHANGE	S	7/8/9	Commitment to build a low carbon emissions economy	In progress	In 2010, the 22 signatory companies voluntarily formed a working group called Climate Forum	Signatory Companies
CLIMATE FORUM	S EM	7/8/9	To monitor the companies' commitments and establish a dialog between government and the corporate sector so that policies to combat climate change can achieve the best results	In progress	In 2010, CPFL Energia hosted a meeting of the 22 participating companies, with the aim of provoking debate on the Brazilian Decree for Regulating Climate Change Policy	Signatory Companies and supporting organizations
CORPORATE PACT FOR INTEGRITY AND AGAINST CORRUPTION	S EM	10	To engage companies in combating corruption	In progress	CPFL Energia is a member of the Corporate Pact For Integrity And Against Corruption and takes part in its meetings and activities	Signatory Companies and supporting organizations
CORPORATE FRIEND OF THE CHILD PROGRAM	S	1/2/4/5	To encourage the corporate world to commit to the development and guarantee for fundamental rights of children and adolescents	In progress	Communication of this initiative on CPFL Group distributors' electricity bills	Partner companies
CORPORATE PACT AGAINST THE SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS ON BRAZILIAN HIGHWAYS	S	1/2/4/5	Practical measures against the sexual exploitation of children and adolescents on Brazilian highways	In progress	CPFL Energia hosted the 1st "In the Right Direction" ("Na Mão Certa") regional meeting	Signatory Companies and supporting organizations
CAMPINAS COMMITMENT TO EDUCATION (CCE)	S	1/2/5	Promote projects and programs for improving the quality of education in Brazil	In progress	CPFL Energia helped organization of the 1st Education Week and took part in meetings of the Signatory Companies' Committee	Signatory Companies
CORPORATE MOVEMENT FOR THE CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY	S	7/8/9	Mobilize the Brazilian corporate sector and provide the Brazilian government with a position on the use of biodiversity, assuming commitments and requesting internal and external actions	In progress	CPFL Energia joined the initiative and agreed to the commitments proposed by the movement	Signatory Companies
PLUGGED INTO THE CUSTOMER PROJECT	CT	-	To improve service procedures with a focus on the needs of each type of client	In progress	Electrician's Calling Card program extended to all CPFL Paulista, CPFL Piratininga, CPFL Jaguariúna and CPFL Santa Cruz municipalities; creation of a relationship agent, whose main function is to prospect for new corporate customers and facilitate the process of connection to the electric system	-

SOCIETY

Program/Project	Target Audience *	Global Compact	Objectives	Situation in 2010	Results in 2010	Partners
ENERGY EFFICIENCY PROGRAM	CT/S	1/2/7/8/9/10	To encourage the rational use of electricity and combat wastage	In progress	CPFL Energia distributors invested R\$ 87.3 million in the Program's actions	-
CPFL SOCIAL MANAGEMENT	S	1/2/5	To provide social organizations with training and guidance to help them fulfill their role in improving society	In progress	Launch of the Program and free management lessons for organizations	-
PROGRAM TO ADAPT AREAS FOR TRANSFORMER STORAGE	S	7/8	To control oil leakages from equipment and avoid environmental damage	In progress	Works carried out in the São Carlos, Matão, São José do Rio Preto and Sumaré Advanced Stations, in the interior of São Paulo state	-
AQUATIC BIODIVERSITY CONSERVATION PROGRAM	S	7/8	To preserve biodiversity in the river basins where CPFL Energia's Small Hydro Plants (SHPs) are located	In progress	Release of 65 thousand spawn of native species in the reservoirs	-
REFORESTATION PROGRAM	S	7/8	Implementation of reforestation programs to meet the requirements of environmental bodies	In progress	Implementation and maintenance of native species reforestation programs, with a total of 122 thousand seedlings planted since 2002	School Ship and public environmental bodies
ENVIRONMENTAL EDUCATION PROGRAM	S	7/8	To promote environmental education and awareness among pupils visiting CPFL Energia's energy generating plants	In progress	The Nature School Ship Association project has reached 44 thousand people	School Ship

*Shareholders and investors (AI), clients (CT), employees (CL), suppliers (FO), press (IM), community and society (SC).

► Environment



ENVIRONMENT

GRI
1.2 | 4.11 | EC2 | EU21
EN23 | EN26 | EN28
EU28 | EN14 | SO1

As part of its strategy to grow and ensure its continued existence, the CPFL Energia Group seeks to extract maximum benefit from its electric energy developments while causing the least environmental impact from its operations, thus contributing to sustainable development. In this context, in 2010 the Company's investments in environmental actions and projects totaled R\$ 182 million.

CPFL strives for excellence with its strategic initiatives in the environmental field, seeking always to use natural resources in a responsible manner, encourage rational consumption throughout its value chain and invest in innovation to mitigate the possible direct impacts of its activities in distribution, generation and transmission, as they can affect the environment in different ways. The Company's initiatives in eco-efficiency across all its processes are constantly monitored.

The principal environmental impact of CPFL Energia's energy transmission and distribution activities is the cutting and clearance of vegetation. This is especially the case with the installation of new projects that impact areas of native vegetation.

CPFL Energia has made detailed efforts to identify possible changes to ecosystems

resulting from the installation and operation of its assets:

- ▶ **Removal of vegetation during the building or maintenance of assets:** this includes tree pruning and when necessary, felling. These actions can affect fauna, flora and even soil conservation, depending on their severity;
- ▶ **Use of forest products:** the main consumption of wood results from the requirement for its usage in the construction of cross arms.

In the planning stage for transmission line routes, the Company always prioritizes way leaves that avoid crossing areas of native vegetation so as to minimize clearance of local flora.

There are several stages in the process of managing and mitigating environmental impact. Prior to being granted an operating license, all projects have to go through an environmental licensing phase, which involves detailed surveying of possible socio-environmental impacts and requires the implementation of numerous mitigation measures under government supervision. The environmental licensing process is integral to Brazil's National Environment Policy,

Law 6.938 of August 31 1981 regulated by CONAMA Resolution 237 of December 19 1997, which requires a socio-environmental impact study and the necessary actions for mitigating such impacts, subject to examination and approval by the appropriate environmental protection agency. In parallel, the Company uses its Environmental Management System (EMS) to handle and control any possible impacts caused by its services.

The Environmental Management System (EMS) is a component of the Integrated Management System (IMS) and consists of procedures for identifying and dealing with possible impacts of the Company's activities, covering both Company and outsourced teams. These issues and risks are permanently monitored through environmental programs and actions. The companies' processes and assets are subject to an annual evaluation covering aspects such as use of materials, atmospheric emissions, effluent flows, waste and the social impact of its activities. This allows any issues detected to be controlled in a timely manner.

All of CPFL's business units are responsible for their own environmental preservation initiatives which are integral to the Company's strategic planning process. Environmental impact is managed from the planning stage, through to implementation and operation, and final waste disposal.

CPFL is aware of its responsibility on this subject in society and that its efforts can help improve the quality of life of the communities where it operates, and as such it participates actively in domestic and international forums for debating subjects of particular importance, such as biodiversity and climate change.

During 2010 there were no (significant) spillages at CPFL Energia Group companies and only one warning (accompanied by a non-monetary sanction) relating to the removal of a nest (known locally as "home of the João de Barro bird") from a distribution network pylon at an inappropriate time, not considered serious. In the last three years the Company has not been fined for any environmental misconduct.

Sustainability Committee

GRI
4.10 | EC2 | EN14 | EN26

Since 2007, the Sustainability Committee has been responsible for integrating the range of activities involving the environment, sustainability and corporate responsibility conducted by CPFL's subsidiary companies. Representatives of the departments present project plans and discuss the benefits of each, while keeping them aligned with the Company's strategic

plans and its corporate responsibility and sustainability policies. This ensures that efforts are always made to reduce any possible impacts.

The integrated planning of activities covers six key areas, aligned with the issues monitored by the individual subsidiary companies' management (*see box*).

ENVIRONMENT

1 – RATIONAL CONSUMPTION

Education on the rational use of resources
Definition of goals for reduction in water and energy consumption
Responsible disposal of waste

2 - CARBON BALANCE

Diagnosis of greenhouse gas emissions
Participation in initiatives to neutralize these emissions
Formulation and implementation of Clean Development Mechanism projects (CDM)

3 - REVERSE CHAIN

Use of the 6 Sigma program to combine efforts to implement socio-environmental improvements in the Reverse Chain with rational corporate consumption, focused on the socio-environmental profile of the production chain

4 –BIODIVERSITY

Urban tree planting program to ensure appropriate coexistence of electricity networks alongside vegetation for improved environmental quality and the formation of ecological corridors
Use of wood with certified origin
Native fauna and flora conservation programs

5 - POWER PLANT SUSTAINABILITY

More direct participation in the socio-environmental activities of the hydroelectric power plants, in Regional Development Funds and in the Acende Brazil Institute's Sustainable energy project

6 - ENERGY FOR THE FUTURE

Research & Development projects focused on energy generation from alternative sources
Support for energy efficiency projects

Renewable Energy Generation

GRI
EN6 | EN18 | EN26

One of CPFL Energia's key aims is to spearhead investment in energy generation from renewable sources with a focus on biomass, wind and Small Hydro Plants (SHPs), and thus consolidate its position in this segment of the Brazilian electric sector. In 2010, the Company advanced its positioning in this context with a range of initiatives that share the common goal of making the Group's installations ever more sustainable.

Located on the state divide between Santa Catarina and Rio Grande do Sul and possessing a total capacity of 855 MW, commercial operations at HPP Foz do Chapecó began with the startup of the 1st generating unit (GU) on October 14, the second GU on November 23 and the third on December 30, thus complying with the planned schedule for energizing the three generating units before the end of 2010. The operational start-up of the 4th and final unit is forecast for the first quarter of 2011. Overall, investment in the project was R\$ 2.64 billion, including over R\$ 500 million toward the plant's socio-environmental programs.

In 2010, CPFL Geração purchased SHP Diamante, located in the municipality of Nortelândia (state of Mato Grosso). With an installed capacity of 4.23 MW and assured energy of 1.77 average MW, the plant began operations in December 2005.

Given the Company's interest in biomass generation, CPFL Energia entered into some significant partnerships in 2010, underscoring its strategy of investing in energy cogeneration from sugarcane bagasse. Through its CPFL Bioenergia subsidiary, a partnership with Baldin Bioenergia, the Company started up operations on August 27 at TPP Baldin, its first sugarcane biomass-fired thermoelectric plant, with an installed capacity of 45 MW, located in the municipality of Pirassununga (state of São Paulo). This involved an investment of about R\$ 98 million, with one third of the energy generated used for the plant's own production processes, and the remainder commercialized by CPFL on the free market.

Also in the state of São Paulo, CPFL reached agreement in 2010 on a significant bio-electricity generation project with the Pedra Agroindustrial Group. With a total installed capacity of 145 MW, the Pedra (in Serrana), Buriti (in Buritizal) and Ipê (in Nova Independência) plants will receive investments totaling R\$ 366 million, with the start-up of commercial operations due in April 2012.

To strengthen its activities in Brazil's northeast region, CPFL formed CPFL Bio Formosa, a partnership with the Farias Group to operate TPP Baía Formosa, a

biomass-fired plant located in the municipality of Baía Formosa, in the state of Rio Grande do Norte. Forecasted investment is R\$ 127 million for the installation of 40 MW capacity, this also including improvements in sugarcane preparation and boiler replacement permitting increased energy generating capacity and greater efficiency in the production of sugar and alcohol. Commercial operations are due to start in July 2011.

To diversify its matrix further, CPFL is to develop electricity generation from wind power. In ANEEL's August 2010 Reserve Energy Auction, the Company successfully sold the energy to be generated from its

Campo dos Ventos II wind farm (30 MW, in the state of Rio Grande do Norte) and TPP Pedra (70 MW, in the state of São Paulo). The Campo dos Ventos II wind farm is due for operational start-up in September 2013, while TPP Pedra should begin operating in the second quarter of 2012.

In December 2009, CPFL had emerged victorious at ANEEL's December 14 2009 Wind Power Reserve Energy Auction with the Santa Clara I, Santa Clara II, Santa Clara III, Santa Clara IV, Santa Clara V, Santa Clara VI and Eurus VI wind farms, with total installed capacity of 188 MW. Installation work is already in progress with start-up of operations due in July 2012.

Investments

GRI
EN26 | EN30

CPFL ENERGIA* INVESTMENTS IN ENVIRONMENTAL PROTECTION – 2007-2010 (R\$ THOUSAND)

INVESTMENT TYPE	2007	2008	2009	2010
Investments in own production and operations	50,524	126,362	90,146	89,658
Investments in external programs and projects	12,150	44,425	69,185	92,516
Total	62,674	170,787	159,331	182,175

*Consolidated. Source: IBASE

Distribution

GRI
EN26 | EU6 | EU18 | EU23

The Company's electricity distribution activities, consisting of eight distributors and covering 6.6 million customers in the country's south and southeast regions, essentially use public rights of way for installing its electrical structures (pylons), avoiding interference in areas rich with biodiversity.

Control of the segment's activities is exercised by the Integrated Management System (IMS), part of the Environmental Management System (EMS), which adopts the process certification parameters of international norms and standards (ISO 9001, ISO 14001, OHSAS 18001 and SA8000). In addition, the Company uses an internal system - CPFL Padrão, which ensures consistency and systematization of all procedures and activities carried out

by company electricians. It stresses conditions of safety and physical integrity in all maintenance work. Co-existence with green areas and careful handling of vegetation are integral elements of technical guidelines.

By the end of 2010, all contracted electricians had received specialized training, which thus concluded the cycle of maintenance procedure standardization at CPFL Paulista, CPFL Piratininga, CPFL Santa Cruz, CPFL Leste Paulista, CPFL Sul Paulista, CPFL Mococa, CPFL Jaguariúna and RGE.

In addition to these procedures, all workers (company employees and outsourced) are trained in health and safety according to Brazilian Regulatory Standard 10 (NR10), which deals with safety in electricity installations and services.

GRI
EN26

Generation

The two principal impacts on the environment from the generation projects in which the CPFL Group is a partner are the damming of water courses and flooding of areas necessary for the formation of reservoirs, which may alter a region's physical, biological and socio-economic environment.

This always involves, however, proper mitigation and/or compensation for these impacts, in accordance with the legal requirements of the environmental licensing process. Construction of any generation project only begins after an environmental license has been obtained from the relevant environmental authorities.

The impacts resulting from the construction and operation of hydroelectric plants are generally in proportion to the scale of the undertaking. For Small Hydro Plants (SHPs), as the reservoir flooding area is relatively small, the impact on local biodiversity is generally insignificant. For large-scale projects, the flooding of forest

areas for reservoir formation can lead to the removal of whole habitats, with a direct impact on the diversity of the region's fauna and flora. All such undertakings however, are by law assessed by the relevant environmental protection agencies.

Generation projects that harness hydraulic power are by nature installed in Areas of Permanent Preservation (APPs) although they do not affect Conservation Units, be they federal, state or municipal.

The installation and operation of projects which interfere with biodiversity-rich habitats have to comply with the applicable legal requirements. Environmental actions are designed in order to mitigate and sufficiently offset any adverse environmental impacts of the Company's activities. These initiatives are grouped into programs and consolidated into the Basic Environmental Project for each undertaking. The environmental protection agencies monitor implementation of the Projects during the licensing process.

	HPP BARRA GRANDE	UHE CAMPOS NOVOS	UHE MONTE CLARO	UHE 14 DE JULHO	UHE C ASTRO ALVES	UHE FOZ DO CHAPECÓ	SERRA DA MESA
Total Land Area (km²)	125.8	50.5	4.2	9.5	10.3	86.1	1,755.1
Flooded area (km²)	83.2	25.6	0.7	2.8	3.1	46.6	1,754.8
Area with primary vegetation (km²)	20.8	-	-	-	-	-	ND
Area with secondary vegetation in medium and advanced stages of regeneration (km²)	45.7	9.9	0.1	0.7	2.2	14.6	ND
Area of Permanent Preservation (km²)	42.4	20.7	2.6	5.6	6.4	34.1	ND
Constructed Area (km²)	0.2	0.2	0.0	0.0	0.0	0.2	30.7
Constructed Area/Total Area (%)	0.1	0.3	0.9	0.4	0.3	0.3	0.0
Installed Capacity (MW)	690.0	880.0	130.0	100.0	130.0	855.0	1,275.0
Installed Capacity/Reservoir Area (MW/km²)	8.5	34.4	179.6	35.5	41.8	18.3	0.7

Mitigation Actions and Programs

GRI
EN26

Urban Tree Planting Program

This Program donates seedlings suitable for planting in the vicinity of electricity power lines and other urban infrastructure to all municipalities within the Group subsidiary companies' concession areas. In partnership with local government, NGOs and neighborhood associations, the initiative aims to reduce the need for pruning and interfering with trees, to guarantee electricity distribution quality, to secure the benefits of a high level of tree coverage and to raise awareness and education levels regarding the importance of this issue.

Under this Program in 2010, CPFL Paulista provides coverage of 38% to municipalities in its operating area and donated 200.5 thousand seedlings. CPFL Piratininga covered 25.93% of its municipalities,

donating 9.2 thousand seedlings. Together, CPFL Sul Paulista and CPFL Leste Paulista served 21% of the towns where they operate through the donation of 12.7 thousand seedlings. CPFL Santa Cruz covered 37% of the municipalities in its operating area by donating around 18 thousand seedlings.

To meet the needs of the Program, CPFL Energia runs two nurseries in the municipalities of Pedreira and São Joaquim da Barra (state of São Paulo) with a production capacity of 300 thousand seedlings per year. In 2009, a third nursery was inaugurated at the Lençóis Small Hydro Plant in the municipality of Macatuba with capacity for producing and storing 160 thousand seedlings per year.



Environment Week

Every year, CPFL Energia runs a program of special events to celebrate National Environment Week in partnership with educators and supported by specialist professionals. The program consists of lectures and activities involving the discussion of significant issues, such as global warming, responsible consumption and the rational use of natural resources.

The theme of Environment Week in 2010 was "Change starts with you" in an attempt to build public awareness of the

fact that small changes in everyday actions can lead to big benefits for the environment. During the week, a range of activities was carried out for a public audience: workshops showing the functioning of solar-powered heaters, an ecological gymkhana, and children's theater performances, as well as for an CPFL audience: the donation of 1,726 seedlings, test drives of an electric car, a workshop on making soap from used cooking oil, and a lecture on the low carbon economy.

Environmental Certifications

GRI
EN14 | EN26

Environmental quality process certifications are a means of making transparent CPFL Energia's concern with providing quality services to society, by demonstrating that the Company's management is also concerned with the sustainability of its activities. In 2010, the Company maintained the scope of the ISO 14001 certifications of its subsidiary companies and new enterprises.

ISO 14001 Certification

In 2010, two CPFL Energia distributors in the state of São Paulo - CPFL Paulista and CPFL Piratininga - extended the scope of its ISO 14001 certification to include 11 substations and 3,223 km of transmission

lines. The two companies are certified for the scope of "Coexistence between urban electricity distribution networks and the environment and Electricity transmission services".

Also in 2010, the environmental certifications of 17 Small Hydro Plants (SHPs) were renewed, having been in place since 2003 for "Hydraulic Energy Generation", as well as those of RGE for its energy distribution and subtransmission networks system.

HPP Barra Grande was approved following an audit carried out by the British Standard Institute (BSI) and retained its ISO 14001 standard certification for the scope of "Environmental risk management system (reservoir management, operations and maintenance, power generation)", a tribute to the plant's high level of environmental performance.

In 2010, two external audits were carried out at CERAN which recommended renewal of the Integrated Management System (IMS) certifications in place at HPPs Monte Claro, Castro Alves and 14 de Julho. With regards its ISO 14001 certification, the audit reports also highlighted the following positive evaluations:

- ▶ Improved processing of information obtained from monitoring the Areas of Permanent Preservation (APPs) – external audit conducted by DNV..
- ▶ Improved monitoring of the Basic Environmental Project – external audit conducted by DNV.



Environmental Control Actions

GRI
EN4 | EN13 | EN14 | EN26

Permanent environmental control programs are part of the subsidiary companies' daily efforts to avoid or mitigate environmental risks from activities managed by CPFL Energia.

Program for Suitable Areas for Transformer Storage

This Program is part of CPFL Energia's basic procedures and aims to control oil leakages from equipment. Among the actions it covers is the laying of impermeable concrete flooring for storing transformers, as part of substation projects.

In 2010, work to this end was carried out in the São Carlos, Matão, São José do Rio Preto and Sumaré substations, with a total investment of R\$ 104 thousand.

Wood of certified origin

CPFL Energia demands that its registered suppliers of wood present all the documentation required by the federal, state and municipal authorities.

As a result, CPFL Energia endeavors to ensure that all native wood used in the construction of energy distribution equipment, such as cross arms, comes from sustainable sources. This procedure is part of the Group's standing instructions for contracting goods and services and is included in all purchase contracts entered into with CPFL Energia suppliers.

Power generation sources

The power consumed by CPFL Energia comes essentially from hydroelectric power plants (therefore, from a renewable source), decisions and regulatory actions of which are subject to the requirements of the National Electricity System (ONS) and ANEEL.

Brazilian Energy matrix

PROJECTS IN OPERATION							
TYPE		INSTALLED CAPACITY		%	TOTAL		%
		No. of plants	(kW)		No. of plants	(kW)	
Hydro		892	80,670,179	66.3	892	80,670,179	66.3
Gas	Natural	94	11,244,614	9.2	130	13,025,897	10.7
	Processed	36	1,781,283	1.5			
Oil	Fuel oil	835	4,008,085	3.3	867	7,041,592	5.8
	Waste oil	32	3,033,507	2.5			
Biomass	Sugarcane bagasse	319	6,242,436	5.1	392	7,918,211	6.5
	Black liquor	14	1,228,898	1.0			
	Wood	41	359,527	0.3			
	Biogas	12	68,442	0.1			
	Rice husks	6	18,908	0.0			
Nuclear		2	2,007,000	1.6	2	2,007,000	1.6
Mineral Coal	Mineral coal	10	1,944,054	1.6	10	1,944,054	1.2
Wind		51	928,986	0.8	51	928,986	0.8
Imported	Paraguay		5,650,000	5.5	8,170,000		6.7
	Argentina		2,250,000	2.2			
	Venezuela		200,000	0.2			
	Uruguay		70,000	0.1			
Total		2,345	121,707,559	100	2,345	121,707,559	100

Source: ANEEL. Available at <<http://www.aneel.gov.br/aplicacoes/capacidadebrasil/OperacaoCapacidadeBrasil.asp>>.

Reducing the impacts from generation

CPFL Energia conducts activities focused on biodiversity, particularly programs to monitor and conserve fauna and flora, reforest reservoir banks and to invest resources in creating and installing Conservation Units. The Company contributes technically and financially to the conservation and preservation of Brazilian species of flora and fauna in the areas in which it operates.

Fish Conservation Program

CPFL Energia implements actions for maintaining biodiversity that go beyond the legal environmental requirements. This Program aims to protect and preserve the fish population in the hydrographic basins where the small hydro plants (SHPs) are located. The following activities are carried out:

Restocking of rivers and reservoirs

Rivers and reservoirs are restocked with native fish spawn. In 2010, the Program released a total of 65,000 native fish spawn into the reservoirs.

Maintenance of fish migration mechanisms

At some of its plants, CPFL Energia has installed mechanisms for allowing fish to bypass dams (fish-ways in the form of ladders). The aim in these cases is to keep the structures in perfect condition for adequate operation.

Riparian Reforestation

The most important aspects of riparian reforestation programs are to provide nutritional support to the fish population and to preserve water resources. In 2010, planting of 20,584 native seedlings took place in the Areas of Permanent Preservation of the water bodies within CPFL's areas of activity.

Environmental Education Programs

CPFL Geração sponsors the Voluntary Environmental Agent, Sailing the Waters of

SPECIES THREATENED WITH EXTINCTION*

PROJECT	FAUNA	FLORA
HPP Campos Novos	7 mammals (IBAMA list) 12 birds (1 IBAMA*; 11 IUCN**)	2 species (2 families)
UHE Barra Grande	13 mammals (9 families) 1 amphibian (1 family) 2 reptiles (1 family) 15 birds (9 families)	1 species (1 family)
Ceran***	9 mammals (7 families) 3 birds (3 families)	15 species (8 families)
Foz do Chapecó	There is no data for the reservoir. No threatened species or at risk of extinction were identified at the construction site.	

*Official List of Brazilian Species Threatened with Extinction (IBAMA, 2003).
 **IUCN 2007. 2007 IUCN Red List of Threatened Species. <www.iucnredlist.org>. Downloaded on March 26 2008.
 ***List of species threatened with extinction in the state of Rio Grande do Sul (www.sema.rs.gov.br)

Knowledge and Young Citizen of the Environment projects of the School Ship of Nature Association. These projects cover a number of environmental issues with a focus on the preservation of water resources, aquatic biodiversity and hydraulic energy generation.

Sponsorship of projects and actions aimed at conserving aquatic biodiversity

In 2010, CPFL Geração continued its partnership with governmental and non-governmental organizations in projects aimed at conserving aquatic biodiversity. Among these, highlights are: donation of 7 thousand regional native species seedlings suited to riparian locations, providing accommodation to the Environmental Police to facilitate the monitoring of reproductive sites, breeding of fish in their first life stages (larva, post-larva, spawn and juvenile) and inspection during the spawning period.

Reforestation Program

During the construction and operation of electricity generation, transmission and distribution projects, any activities that require cutting down native flora or interfering with Areas of Permanent Preservation (APPs) require authorization from the applicable environmental agencies. These authorizations also require a commitment to executing reforestation work, which has led to CPFL Energia's involvement in a number of reforestation projects.

Reforestation programs are generally directed toward areas that interlink forest

fragments to form natural forest habitats and encourage gene migration between native flora and fauna.

In 2010, CPFL Energia Group companies implemented and maintained native species reforestation projects in the various municipalities where they operate, with a total of almost 122 thousand seedlings planted since 2002. All have undergone assessment and subsequent approval by CETESB (São Paulo State Environment Company).

Communities

GRI
EN14 | EN26 | EU20
EU22 | EN12 | SO1

The communities affected by the CPFL Energia Group's generating plants receive support through local impact mitigation programs. Each area has its local model for serving the population.

Foz do Chapecó Energia – HPP Foz do Chapecó

HPP Foz do Chapecó gave resources to the New Direction program, developed by Foz do Chapecó Energia with the support of SEBRAE (Small and Medium-Sized Companies Support Service), for generating jobs and income. With the financing received from the company, associations were set up for implementing joint agricultural and industrial projects.

The initiative aims to offer alternative sources of income and improved quality of life to the program's target audience, families resident in the area affected by the project but who do not qualify for the resettlement program. Foz do Chapecó's investment in the New Directions program totals around R\$ 5 million.

UHE Serra da Mesa

CPFL continued to support HPP Serra da Mesa's projects linked to the Development Fund for the North-Northeast region of the State of Goiás, a joint initiative with IDB (Inter-American Development Bank), the Ministry of Mines and Energy (MME), Furnas, Tractebel Energia and SEBRAE for the state of Goiás. CPFL Geração's contribution consisted of the purchase of land and agricultural equipment for agricultural projects to generate jobs and income.

Also at HPP Serra da Mesa, CPFL and Furnas took part in the negotiations that resulted in 114 agreements with families identified from the companies' Social Audit, providing a satisfactory conclusion to negotiations begun in 2003. The benefits granted as part of these agreements aim to improve the quality of life of these families as well as providing them with other sources of income.

ENERCAN – Campos Novos Energia (HPP Campos Novos)

In 2010, ENERCAN continued its initiatives under the aegis of the Rural Development Fund (RDF) with the financing of joint agro-business projects in HPP Campos Novos' municipalities of influence. Constituted by resources on-lent on a rotating basis from ENERCAN, the Fund has provided credit to producers in the municipality, as well as the cities of Celso Ramos, Abdon Batista, Anita Garibaldi and Cerro Negro. Around R\$ 2.4 million were invested in 21 projects, covering 417 families in the area surrounding the plant. On payment, resources are recycled by the Fund for financing new projects.

For the second consecutive year, ENERCAN was one of the winners of the Corporate Citizen Award, granted annually by the Sales and Marketing Leaders of Brazil Association, Santa Catarina Section. The company had previously received this award in 2009, for the results it achieved with the Rural Development Fund (RDF). For the 2010 edition, the "Art in the Square" case study was selected in the Cultural Development category in recognition of the support given to a range of cultural projects, such as plays, open air movies, circus in the square, orchestras and choirs, publication of books, and support for music festivals.

BAESA – Energética Barra Grande (HPP Barra Grande)

In 2010, BAESA supported the publication of the book "Her Majesty, the Pelotas River: memories, stories and legacy of a river", written by Christina Elisa Baumgarten. BAESA's objective was to make the publication more accessible to the population through the distribution of 3 thousand copies, mostly to schools, libraries, universities and local government offices in HPP Barra Grande's area of influence.

With the support of EMATER (Rio Gran-

de do Sul Technical Assistance and Rural Expansion Projects Association), BAESA contributed by encouraging the development of hog farming through skills upgrading courses and the donation of 28 hogs to families of the company's São Francisco de Assis resettlement project. Chicken rearing was a further economic activity supported by BAESA in 2010. In all, 122 people received guidance and training on rearing the colonial chicken species by families resident in rural communities established by the companies.

CERAN – Complexo Rio das Antas (HPPs Monte Claro, Castro Alves and 14 de Julho)

In 2010 and for the third consecutive year, CERAN sponsored the Bento Gonçalves Ecological Gymkhana. Over the same period, CERAN offered financial support through the Cultural Incentive Law (CIL) for the restoration and renovation of the building housing the Frei Rovílio Costa Cultural Center in the center of Veranópolis (state of Rio Grande do Sul). Among the improvements effected, a highlight was the installation of an elevator for people with special needs. Also via the CIL, CERAN was among the companies sponsoring the movie "The Electric House", directed by Gustavo Fogaça.

CERAN established a partnership with the Caxias do Sul University Foundation (FUCS) on the Encantas Project (Cultural and Historical Aspects of the Area around the Complexo Energético Rio das Antas) for the publication of the book "Colonial Cuisine of the Rio das Antas", by Cleodes M. P. J. Ribeiro and José C. Pozenato. Distributed in 2010 to schools and local government offices in the municipalities in which the Complexo Energético Rio das Antas is located, one of the publication's merits is that it keeps alive the gastronomic tradition of the Rio das Antas valley.

Environmental Education Program

This is an ongoing program at the generating companies and involves not only employees but society in general. Since 2006, CPFL Geração has been distributing environment-themed primers to the thousands of students of various ages who visit the company's plants.

During these visits, a range of environmental preservation issues is covered, particularly those related to the conservation of water resources and consequently, hydraulic power generation.

In 2010, the Nature School Ship Association Project, sponsored by CPFL, reached over 44 thousand people. Formed in 2000, the School Ship Association is a civil society organization of public interest that aims to promote environmental education

and collaborate in environmental conservation, particularly in the Salto Grande reservoir in Americana, in the interior of São Paulo state.

Aquatic Plant Monitoring Program

One of the fundamental requirements for the proper functioning of the generating turbines and to allow multiple uses of the reservoir is the control of aquatic plants carried out by the generation companies. For example, in 2010, this involved the collection and removal of 22,233 m of aquatic plants (equivalent to 44.8 ha) from the HPP Americana reservoir.

Internal Management of Environmental Impacts

GRI
EN3 | EN5 | EN8 | EN9
EN16 | EN17 | EN18
EN19 | EN26 | EN29
EC2 | EU5

CPFL Energia continually monitors its subsidiaries' consumption of electricity, fuel and water. These indicators are analyzed daily and serve as a basis for planning future actions.

ENERGY CONSUMPTION							
ENERGY (GJ*)	2004	2005	2006	2007	2008	2009	2010
CPFL Energia	92,465	101,836	102,129	105,806	119,001	118,848	114,501
CPFL Paulista	66,792	66,927	69,764	72,950	74,151	72,177	73,948
CPFL Piratininga	13,704	14,380	14,270	13,453	18,736	17,891	15,802
CPFL Geração	7,018	7,722	6,655	6,841	7,026	7,530	6,669
RGE	4,951	6,357	6,929	8,003	10,465	12,814	5,330
CPFL Santa Cruz	NA	6,092	4,142	4,158	3,914	3,511	3,115
CPFL Jaguariúna	NA	358	369	401	4,709	4,925	4,784
CPFL Serviços	-	-	-	-	-	-	2,904
CPFL Atende	-	-	-	-	-	-	1,950

*Energy consumption in kWh, was converted to GJ (109 J), multiplying the result by the factor of 0.0036

Water consumption at CPFL Energia Group installations reflects the requirements of its day-to-day administrative activities, destined to supply the basic needs of employees, cleaning and air conditioning of the work place.

In 2010, total water consumed by CPFL Energia was 308 thousand m³, of which

163 thousand m³ came from the public utility network and 145 thousand m³ from wells. In 2009, there was an increase in this figure due to the inclusion of water consumption from the artesian wells of the Small Hydro Plants (SHPs) in São Paulo state, giving greater transparency and reliability to the indicator.

CPFL ENERGIA TOTAL WATER CONSUMPTION (M³/YEAR) - BY SOURCE

YEAR	PUBLIC UTILITY SUPPLY	WELLS	TOTAL
	(M ³ /YEAR)	(M ³ /YEAR)	(M ³ /YEAR)
2010 ¹	163,144	145,129	308,273
2009 ¹	132,291	164,198	296,489
2008 ²	160,192	13,195	173,387
2007 ²	157,895	18,062	175,957
2006 ³	173,541	0	173,541
2005 ⁴	134,025	19,430	153,455
2004 ⁵	107,668	40,623	148,291

¹ Includes CPFL Brasil, CPFL Geração (with SHPs) and the eight distributors in the Group. From 2009, consumption of CPFL Geração's SHPs has been included.

² Includes CPFL Brasil, CPFL Geração, CPFL Paulista, CPFL Piratininga, RGE, CPFL Santa Cruz, CPFL Jaguariúna and CPFL Energia.

³ Consumption at units of CPFL Paulista, CPFL Piratininga and RGE.

⁴ Consumption at units of CPFL Paulista, CPFL Piratininga and CPFL Geração.

⁵ Consumption at units of CPFL Paulista and CPFL Piratininga

Since 2008, the Group's head office in Campinas has had a system for capturing and using rainwater, which is used for all purposes where drinking water is not required, such as the watering of gardens, cleaning of yard areas and other activities.

The system covers an area of 3,440 m² and is installed on the rooftops of two buildings and the Systems Operations Center (SOC) lake. Water is filtered and stored in a 196,900-liter tank.

There is no significant generation of effluent for disposal. The companies' wastewater generated as a result of its operations

is delivered for treatment to the sewage systems of the corresponding municipalities. At sites where there is no municipal sewage system, septic tanks are installed for the collection of effluent.

Fuel consumed as a result of the CPFL Energia Group companies' activities is also monitored and analyzed. The impacts from burning gasoline, diesel and ethanol are assessed continually to mitigate the effect on the environment.

Total fossil fuel consumption at CPFL Energia Group gencos in 2010 was 46 GJ.

GRI
EN18 | EN3

ANNUAL FUEL CONSUMPTION OF THE CPFL ENERGIA VEHICLE FLEET (G)

YEAR	GASOLINE(G)	DIESEL (G)	ETHANOL (G)	TOTAL
2010	57,251	127,769	25,861	210,881
2009	55,816	126,448	22,734	204,998
2008	86,339	139,598	15,963	241,901
2007	82,505	112,741	11,430	206,676
2006	81,860	105,884	8,536	196,280
2005	54,416	105,884	5,836	166,136
2004	55,953	85,493	6,257	147,702
2003	52,515	80,409	8,230	141,154

Source: Brazilian National Energy Report 2008, page 159
Base: 1 cal =4.1868 J

ANNUAL FUEL CONSUMPTION OF THE CPFL ENERGIA VEHICLE FLEET (LITERS)

YEAR	GASOLINE(G)	DIESEL (G)	ETHANOL (G)
2010	1,776,788	3,597,032	1,211,919
2009	1,732,254	3,559,828	1,065,384
2008	2,679,551	3,930,045	748,092
2007	2,560,551	3,173,950	535,635
2006	2,540,538	2,980,914	399,999
2005	1,688,804	2,980,914	273,473
2004	1,736,494	2,406,830	293,212
2003	1,629,793	2,263,729	385,665

Management of Greenhouse Gas Emissions

CPFL Energia's commitment to sustainability and its initiatives to both prevent and fight global warming are of fundamental importance to the Company. The year 2009, therefore, saw an extension of activities designed to manage direct and indirect greenhouse gas (GHG) emissions, to include activities such as benchmarking, the definition of organizational development guidelines and the preparation of an inventory of GHG emissions, covering all Group companies. The inventory also covered a survey of ozone-unfriendly gases, leading CPFL to measure consumption of sulfur hexafluoride (SF6) and hydro fluorocarbons (HFCs). Information was collated from the end of 2009 until the beginning of 2010, with work concluded in the first half of the year.

The aim is for the inventory to verify all activities that indirectly contribute to increases in emissions, such as employees' business travel, transportation of products in vehicles not belonging to the company, and the outsourcing of core and disposal/waste management activities outside the limits established by the inventory.

The results of the inventory will allow the Company to: gain specific knowledge

of emissions associated with its activities; develop voluntary compensation programs; identify new opportunities for Clean Development Mechanism (CDM) projects; quantify future emissions resulting from new investments and the Company's organic growth; identify opportunities for process improvement involving efficiency gains and emissions reductions; and to support corporate actions on climate change.

Following the conclusion of the GHG inventory in 2010, emissions relating to 2009 were calculated as 131,588 tCO₂e, with 66.22% of this total resulting from technical losses observed in energy distribution and transmission processes, even though CPFL already has minimal rates of technical losses. In 2009 the total volume of leaks of refrigerating gases affecting the ozone layer resulting from CPFL Energia Group operations was 431 kg.

No measurable initiative was identified with the potential to create a significant reduction in emissions with respect to CPFL Energia's aim of establishing projects to reduce GHG emissions within the current context of the Group's activities. This work also examined the short, medium and long-term trend in CPFL Energia's GHG emissions, based on the decisions and strategic directions adopted by the Company.



Find out more >>

Follow all the environmental management programs of CERAN Energia's generating units at <www.ceran.com.br>.

Taking into account forecast investments in thermo plants and the predictions of significant growth in the electricity distribution segment, GHG emissions resulting from CPFL Energia's operations may increase in the next five years. Nonetheless, the Company has also made significant investments in electricity generation from renewable sources, principally wind energy and energy cogeneration from sugarcane biomass (bagasse).

Clean Development Mechanisms

CPFL Energia's projects for contributing to reductions in greenhouse gas (GHG) emissions generate Carbon Emission Reduction Certificates (CERs) which can be traded under the Kyoto Protocol.

CPFL Energia successfully qualified the SHP Repowering Program - begun in 2001 and designed to enhance installed generating capacity of this type of plant without increasing the flooded area - as a Clean Development Mechanism (CDM) project and subsequently traded the resulting CERs.

CPFL Geração de Energia and CERAN commercialized the carbon credits obtained from their operations in 2009. CPFL Geração's repowered SHPs obtained gross invoiced sales of €259,565 in 2010. In the same period, HPP Monte Claro, operated by CERAN, invoiced an amount equivalent to €1,536,685.

EMISSIONS GENERATED THROUGH USE OF FUEL

YEAR	EMISSIONS (TCO ₂)
2010	15,237
2009	14,813
2008	17,289
2007	14,687
2006	13,916
2005	11,930
2004	10,529
2003	10,069

Basis for calculation (CETESB):
 1 liter of diesel oil = 2.669 kg CO₂
 1 liter of gasoline = 2.098 kg CO₂
 1 liter of ethanol = 1.575 kg CO₂

Fleet Management

CPFL Energia runs a permanent fleet management program, consisting of a preventive maintenance plan for all vehicles and transportation equipment. It ensures the whole fleet is kept in proper working order and as a result, helps protect the environment.

The process includes a six-monthly control system for particulate emissions (black smoke) for the Group's whole diesel fleet. A ratified testing company is responsible for issuing the reports.

Reuse and Recycling

GRI
EN1 | EN26

CPFL Energia's waste management is a measure of its ongoing concern with preventing the pollution of ecosystems as a result of its activities. With this in mind, disposal only occurs at units licensed by the applicable environmental protection agencies and subject to the issue of a final disposal certificate.

In this domain, CPFL's program involves identifying and classifying the main types of waste resulting from the Group's different operating processes. For each type of waste, standards have been established for storage, transportation and the best method for disposal according to the legislation in force.

CPFL Energia's spent sodium-vapor and mercury-vapor public illumination bulbs are collected and sent for decontamination by a company licensed by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) in the state of Paraná, for example. This process of decontamination and recycling of component materials (mercury, aluminum and glass) reduces the risk of landfill contamination and avoids the use of additional natural resources by contributing to their preservation.

STORAGE AND DISPOSAL OF SCRAP (*)			
CPFL PAULISTA			
YEAR	BULBS DISPOSED	BULBS SUBSTITUTED	% DECONTAMINATED / SUBSTITUTED
2003	91,857	141,771	64.79
2004	133,600	131,505	101.59
2005	122,513	136,556	89.72
2006	128,548	146,805	87.56
2007	92,307	93,782	98.43
2008	115,976	149,957	77.34
2009	381	194,00	0.20
2010	183,319	234,463	78.19
CPFL PIRATININGA			
2003	17,136	46,548	36.81
2004	13,670	55,392	24.68
2005	28,312	42,245	67.02
2006	29,506	34,623	85.22
2007	27,693	30,426	91.02
2008	0,000	43,444	0*
2009	157	56,994	0.28
2010	46,756	66,763	70.03

ENVIRONMENT

CPFL ENERGIA			
YEAR	BULBS DISPOSED	BULBS SUBSTITUTED	% DECONTAMINATED / SUBSTITUTED
2003	108,993	188,319	57.88
2004	147,270	186,897	78.80
2005	150,825	178,801	84.35
2006	158,054	181,428	87.12
2007	120,000	124,208	96.61
2008	115,976	193,401	59.97
2009	538	250,994	0.21
2010	259,037	309,237	83.8
RGE*			
2003	not applicable	not applicable	not applicable
2004	not applicable	not applicable	not applicable
2005	not applicable	not applicable	not applicable
2006	not applicable	not applicable	not applicable
2007	not applicable	not applicable	not applicable
2008	not applicable	not applicable	not applicable
2009	not applicable	not applicable	not applicable
2010	not applicable	not applicable	not applicable
CPFL SANTA CRUZ			
2003	4,099	18,354	22.33
2004	5,250	22,498	23.34
2005	14,550	14,385	101.15
2006	5,300	11,119	47.67
2007	0	46,933	0.0
2008	11,435	0	ND
2009	0	0	0
2010	28,962	8,011	361.53
CPFL SANTA CRUZ JAGUARIÚNA*			
2003	not applicable	not applicable	not applicable
2004	not applicable	not applicable	not applicable
2005	not applicable	not applicable	not applicable
2006	not applicable	not applicable	not applicable
2007	not applicable	not applicable	not applicable
2008	not applicable	not applicable	not applicable
2009	not applicable	not applicable	not applicable
2010	not applicable	not applicable	not applicable

* No illumination bulb substitution is executed by RGE or the CPFL Jaguariúna companies. The work is undertaken by the local authorities.

** CPFL Santa Cruz possessed a large quantity of stored illumination bulbs that were only disposed of in 2010 following the signature of the contract with the company responsible for their disposal. The work is undertaken by the local authorities.

ENVIRONMENT

TOTAL EQUIPMENT CONTAINING POLYCHLORINATED BIPHENYLS (PCB)			
CPFL PAULISTA			
YEAR	TOTAL EQUIPMENT (UN)	EQUIPMENT WITH PCB (UN)	%
2010	139.018	704	0.51
2009	135,099	705	0.52
2008	131,783	710	0.54
2007	126,504	804	0.64
2006	118,700	882	0.74
2005	114,848	915	0.80
2004	111,186	1,090	0.98
YEAR	TOTAL VOLUME OF OIL (LITERS)	VOLUME OF PCB (LITERS)	%
2010	21,019,718	5,327	0.03
2009	20,538,622	5,334	0.03
2008	19,840,185	5,368	0.03
2007	19,215,286	6,120	0.03
2006	18,769,575	6,588	0.04
2005	18,428,742	6,588	0.04
2004	18,106,311	6,786	0.04
CPFL JAGUARIÚNA**			
YEAR	TOTAL EQUIPMENT (UN)	EQUIPMENT WITH PCB (UN)	%
2010	79	11	13.92
2009	77	11	14.29
2008	77	13	16.88
2007	78	13	16.67
2006	not available	not available	not available
2005	not available	not available	not available
2004	not available	not available	not available
YEAR	TOTAL VOLUME OF OIL (LITERS)	VOLUME OF PCB (LITERS)	%
2010	373,378	24,498	6.56
2009	356,518	24,498	6.87
2008	356,518	23,416	6.57
2007	350,850	26,996	7.69
2006	not available	not available	not available
2005	not available	not available	not available
2004	not available	not available	not available

TOTAL DE EQUIPAMENTOS COM BIFELINAS POLICLORADAS (PCB)			
CPFL PIRATININGA			
YEAR	TOTAL EQUIPMENT (UN)	EQUIPMENT WITH PCB (UN)	%
2010	40.977	623	1.5
2009	40.597	623	1,5
2008	39.898	366	0,9
2007	38.959	658	1,6
2006	39.224	793	2,0
2005	38.367	793	2,0
2004	39.224	844	2,1
YEAR	TOTAL VOLUME OF OIL (LITERS)	VOLUME OF PCB (LITERS)	%
2010	7.242.475	138.028	1.9
2009	7.008.699	153.648	2,1
2008	6.896.341	2.196	0,0
2007	6.802.222	3.948	0,0
2006	6.598.493	4.758	0,0
2005	6.446.221	4.758	0,0
2004	6.346.481	5.064	0,0
CPFL SANTA CRUZ			
YEAR	TOTAL EQUIPMENT (UN)	EQUIPMENT WITH PCB (UN)	%
2010	9.188	21	0.2
2009	ND	ND	ND
2008	ND	ND	ND
2007	8.540	0	0,0
2006	8.181	0	0,0
2005	6.737	80	1,1
2004	6.305	80	1,2
YEAR	TOTAL VOLUME OF OIL (LITERS)	VOLUME OF PCB (LITERS)	%
2010	2.135.283	2.624	0.1
2009	ND	ND	ND
2008	ND	ND	ND
2007	1.217.231	0	0,0
2006	1.198.913	0	0,0
2005	1.111.773	480	0,0
2004	1.094.838	480	0,0

* RGE does not operate equipment containing PCB

** Includes the distributors CPFL Jaguari, CPFL Leste Paulista, CPFL Sul Paulista and CPFL Mococa

CPFL Energia operates a licensed hazardous waste dump where both waste contaminated with oil and equipment containing Polychlorinated Biphenyl (PCB) are stored and centralized prior to final disposal. This reduces operating costs.

In 2009, the CPFL Energia Group distributors began further analyses of their equipment, due to the revision of NBR 13822 – “Electric isolating liquids – Determination of Polychlorinated Biphenyl (PCB) Content” by the Brazilian Technical Standards Association (ABNT). Its latest 2008 version specifies that Polychlorinated Biphenyl analyses should only be carried out via method B, or more precisely, excluding method A, which was until then the most widely used.

The CPFL Energia Group distributors’ first inventories were conducted using analysis method A, which was allowed at the time. The change to the standard required new analysis of various items of equipment that showed signs of contamination. The conclusion of CPFL Piratininga’s equipment analysis, conducted in accordance with ABNT NBR 13882, version 2008 – method B, resulted in changes to the results of the first set of analyses, with an increase in the quantity of equipment considered to be contaminated. Disposal of PCB waste amounted to 18 metric tons in 2010.

RGE does not operate equipment containing PCB. The last batch of equipment containing PCB was sent for incineration in 2002.

Selected Waste Collection

GRI
EN1 | EN26

This is an agreement between CPFL Energia, the Campinas City authorities and the Dom Bosco Cooperative of ex-garbage pickers, which has successfully implemented procedures for the separation, storage and disposal of recyclable waste.

The Program, which also receives support from other companies in the region, has allowed an increase in the incomes of cooperative members. CPFL Energia’s aim is to roll out selected waste collection programs to its other business units.

CPFL Energia also has an initiative for sorting and recovering material removed from the distribution network and/or transmission lines. This saves on the Group’s costs and the consumption of natural resources. The process also allows the Company to keep track of recovered materials.

In 2010, 27% of all distribution transformers examined were refurbished.

ENVIRONMENT

UNUSABLE MATERIALS SOLD AS SCRAP

YEAR	IRON AND OTHER METALS (T)	DISTRIBUTION TRANSFORMERS (UN)	LIGHTING (UN)	CROSS ARMS (UN)	WOODEN AND CONCRETE POLES (UN)	IRON POLES (UN)	LADDERS (UN)
CPFL PAULISTA							
2010	1,277	788	29,804	27,534	16,686	235	102
2009	934	1,261	18,383	30,865	16,531	348	139
2008	968	1,022	37,947	30,225	17,178	406	100
2007	1,146	1,033	62,748	22,735	14,563	471	154
2006	345	894	61,213	13,728	9,156	145	175
2005	523	938	25,930	14,800	9,558	43	142
2004	488	1,069	13,357	18,846	10,438	495	160
CPFL PIRATININGA							
2010	2,305	349	7,834	30,532	8,090	12	46
2009	778	2,317	4,783	10,319	5,544	14	24
2008	520	631	17,130	12,925	5,900	6	31
2007	1,192	569	22,374	7,707	3,821	30	47
2006	370	370	20,769	9,333	3,169	235	24
2005	510	352	5,980	13,723	4,596	112	111
2004	303	363	11,091	7,733	2,862	0	55
RGE							
2010	ND	NA	NA	NA	NA	NA	NA
2009	455	549	NAP	16,148	35,991	NAP	-
2008	711	334	NAP	16,155	21,576	NAP	-
2007	711	604	NAP	18,281	21,627	NAP	-
2006	763	402	NAP	14,126	21,809	NAP	-
2005	663	47	NAP	11,774	20,420	NAP	-
2004	456	211	NAP	7,467	14,983	NAP	-
CPFL SANTA CRUZ							
2010	0	107	32	293	206	0	0
2009	NAP	NAP	NAP	NAP	NAP	NAP	ND
2008	NA	NA	NA	NA	NA	NAP	ND
2007	NA	NA	NA	NA	NA	NAP	ND
2006	NA	NA	NA	NA	NA	NAP	ND
2005	NA	NA	NA	NA	NA	NAP	ND
2004	NA	NA	NA	NA	NA	NAP	ND
CPFL JAGUARIÚNA							
2010	12	0		177	38	2	0
2009	142	25	NAP	750	410	10	0
2008	86	38	NAP	140	81	0	0
2007	99	12	NAP	873	638	16	8
2006	134	8	NAP	1,931	354	0	14
2005	NA	NA	NAP	NA	NA	NA	NA
2004	NA	NA	NAP	NA	NA	NA	NA

NAP – Not applicable

NA – Not available

RGE data for 2010 is not available due to system changes. From 2011 they will be supplied normally.

RGE does not install or maintain public illumination. Local government carries out this activity in the concession areas, including management of purchase and disposal of materials.

RGE's Reverse Logistics project is responsible for dispatching an average 120 tons/month of damaged equipment and material from its electricity system for recovery or recycling. Of note is the public illumination bulb decontamination process, which dealt with 128,548 bulbs in 2006.

CPFL Jaguariúna does not install or maintain public lighting, a responsibility of the local authorities, which includes the purchase and disposal of materials resulting from its activities.

Data for 2005 and 2004 are not available in CPFL Jaguariúna's system.

* Includes distribution companies CPFL Jaguari, CPFL Leste Paulista, CPFL Sul Paulista and CPFL Mococa.

ENVIRONMENT

MATERIALS USED BY WEIGHT OR VOLUME*

YEAR	DISTRIBUTION TRANSFORMERS (UN)	CONCRETE POLES (UN)	CABLES (M)	CABLES (KG)	METERS (UN)	PUBLIC LIGHTING UNITS** (UN)
CPFL PAULISTA						
2010	8,725	69,277	5,937,099	472,892	275,097	597,320
2009	6,130	40,632	3,902,718	385,684	175,014	442,592
2008	7,113	36,439	4,219,468	449,356	211,327	518,885
2007	5,570	37,003	4,269,473	328,213	194,365	541,956
2006	5,353	33,356	3,971,462	399,025	219,318	625,280
2005	5,885	35,152	3,492,738	358,407	191,974	778,468
2004	3,949	22,444	2,705,843	350,124	175,004	678,728
2003	3,970	20,222	837,313	631,557	163,450	337,513
CPFL PIRATININGA						
2010	3,198	22,155	5,514,040	176,528	136,864	170,505
2009	2,322	15,944	1,750,012	129,811	82,772	141,452
2008	2,513	14,602	2,189,753	127,617	109,750	203,595
2007	2,278	15,073	2,649,747	147,402	118,733	147,777
2006	2,102	11,845	2,203,959	151,910	110,774	234,781
2005	2,134	12,709	2,153,223	170,552	97,738	267,780
2004	2,170	10,622	1,814,429	221,138	86,854	181,942
2003	1,922	7,170	1,201,824	149,682	78,330	136,535
RGE***						
2010	6,308	37,396	2,133,248	279,421	136,184	NAP
2009	6,939	40,116	1,505,304	341,113	107,033	NAP
2008	5,938	51,282	2,048,209	591,142	109,282	NAP
2007	4,195	40,979	2,295,814	500,867	124,636	NAP
2006	5,913	46,662	1,721,796	598,031	92,196	NAP
2005	3,602	25,270	1,529,449	433,383	58,371	NAP
2004	1,977	12,157	1,205,568	368,384	96,291	NAP
2003	1,154	7,960	1,157,423	304,140	53,190	NAP
CPFL SANTA CRUZ						
2010	638	2,708	250,021	119,148	19,415	20,403
2009	NA	NA	NA	NA	NA	NA
2008****	160	1,724	99,662	95,643	10,268	13,581
2007	297	1,967	234,273	177,815	4,653	35,364
2006	888	6,181	278,081	161,009	5,896	41,466
2005	896	6,549	228,434	167,561	5,664	47,924
2004	420	4,205	246,525	161,869	4,957	47,547
2003	458	5,509	250,951	231,312	6,441	29,988
CPFL JAGUARÍUNA****						
2010	1,068	5,361	411,995	41,078	20,525	5,788
2009	NA	NA	NA	NA	NA	NA
2008	707	3,845	521,028	36,552	13,262	NAP
2007****	695	4,978	292,652	43,317	11,486	NAP
2006	868	7,008	134,051	56,171	3,327	NAP
2005	210	3,815	104,799	81,661	1,859	NAP
2004	93	2,685	53,310	59,623	1,289	NAP
2003	56	1,499	162,385	56,465	1,908	NAP

NAP – Not applicable

NA – Not available

* The table contains the principal items of inventory purchased by the Company, representing 80% of the value of materials consumed. The materials shown are used in the maintenance and expansion of the electricity distribution system.

** Bulbs, relays, reactors and reflectors

*** RGE does not install or maintain public lighting. Local government carries out this activity in the concession areas, including management of purchase and disposal of materials.

**** CPFL Jaguaríuna does not install or maintain public lighting. Local government carries out this activity in the concession areas, including management of purchase and disposal of materials. Includes the distributors CPFL Jaguarí, CPFL Leste Paulista, CPFL Sul Paulista and CPFL Mococa.

**** Data are not available for 2009 due to the change in management software from Data Sul to SAP. The data were not migrated to the new system.

Power Plant Environmental Activity

GRI
EN13 | EN14 | EN26
EU13 | EU20 | SO5

Various programs and initiatives for conserving the environment and mitigating environmental impacts have been implemented at the generation projects in which CPFL Energia has a stake.

These programs represent commitments made by the Company and its generation project partners during the environmental licensing process. These agreements mainly involve actions for the recovery and preservation of local biodiversity. Examples include:

- ▶ Recovery and preservation of biodiversity in Areas of Permanent Preservation (APPs) along the margins of hydroelectric plant reservoirs, including initiatives for collecting seeds, production of seedlings and the implementation and maintenance of reforestation projects;
- ▶ Implementation of the Environmental Conservation and Usage Plan for the reservoir margin areas, with a view to their conservation;
- ▶ Monitoring and conservation of the flora and fauna in the projects' areas of influence to preserve their diversity and genetic variety, through the recovery and conservation of germoplasm in situ and ex situ. The aim is to reproduce and reintroduce rare, endemic or threatened species;
- ▶ Investment in the creation and maintenance of conservation units, a mechanism for compensating significant impacts to the environment and quality of life which cannot be completely remedied.

During 2010, CPFL Geração invested in the implementation of socio-environmental programs in the areas of influence of its hydro plants under construction. As part of its actions, the company continued with the socio-environmental programs detailed in the Basic Environmental Project (PBA) for HPP Foz do Chapecó, which obtained its Environmental Operating License in August 2010.

Foz do Chapecó Energia and Chapecó city government reached an agreement by which the company became a partner of the Good Water Program run by the municipal agricultural secretariat. The initiative aims to isolate and preserve 700 hectares in the headwater area of the Lajeado São José river, including extension of the riparian vegetation coverage. Under this partnership, Foz do Chapecó Energia becomes responsible for supplying the necessary materials for ensuring the protection of the Areas of Permanent Protection as well as native species seedlings and technical assistance to agricultural workers.

These initiatives totaled an estimated R\$ 2 million investment for the provision of poles, wires and over 200 thousand native seedling over a period of three years.

Foz do Chapecó Energia will commit a total R\$ 8.9 million to the programs for recovery of affected areas and protection of reservoir margins and to its partnerships in reforestation projects. The initiatives will involve the recovery of 3.4 thousand hectares.

Ceran – Complexo Rio das Antas

In 2010, CERAN installed a total of 17,723 meters of fencing and planted 46,811 seedlings in the Areas of Permanent Preservation (APPs) of HPPs Castro Alves and 14 de Julho. With these actions, it concluded the installation of the reservoir protection belt. CERAN also entered into three agreements with the state of Rio Grande do Sul to donate seedlings to the Trees Mean Life Project.

In March 2010 the Program for Recovery of Affected Areas at HPP14 de Julho was concluded, with the restoration of degraded areas affected by the plant's construction. The Program establishes procedures for reducing the impact of the installation of the Rio das Antas hydroelectric complex, of which HPP 14 de Julho is a part, and to restore the areas affected by the construction site and reintegrate them with their surroundings in an efficient, quick and cost-effective manner.

In July, the Department for Forests and Protected Areas declared CERAN to have settled all reforestation liabilities at the HPP Monte Claro site.

BAESA – Energética Barra Grande (HPP Barra Grande)

In December 2010, BAESA, the Association of Municipalities of the Serrana Region (AMURES), the Public Prosecutor's Office of Santa Catarina and the Inter-municipal Consortium for Basic Sanitation and the Environment (CISAMA) reached agreement for the creation of the Headwaters Project, for developing socio-environmental activities for the preservation of the planet's main resource: water. In all, the organizations will invest R\$ 315 thousand.

Focused on protecting the region's water resources, the project will involve complementary high impact environmental conservation activities, among which we highlight: the restoration of 10.2 hectares of degraded forest area; environmental education activities for 3.6 thousand students; a training course for 36 teachers; the organization of municipal seminars; and the identification and documenting of 13 headwater areas and seven artesian wells that supply municipalities in upstate Santa Catarina.

BAESA will make investments of R\$ 47.9 thousand toward the production of educational materials (folders, primers, banners, booklets and certificates) and the purchase of a computer, 18 microscopes, 18 laboratory water analysis kits, a projector and 19 cameras. The company will also donate 5 thousand native tree seedlings for restoration of the APP, where the headwaters and artesian wells are located.

New projects at Serra da Mesa

In 2010, HPP Serra da Mesa continued implementation of its projects linked to the Development Fund for the North-Northeast region of the State of Goiás, which include the involvement of the Inter-American Development Bank (IDB), the Ministry of Mines and Energy (MME), Furnas, Tractebel Energia and SEBRAE/GO. Over the year, the company also set up two projects to provide horticultural and fishery training in the municipality of Minaçu (Goiás state).

Discussions on Sustainability

GRI
EN26 | SO5



CPFL Energia takes an active role in social media debates on approaches and solutions for the environmental issues affecting the electric sector and society as a whole. An example of one such issue is climate change, as it may bring consequences for the electric sector, which depends heavily on natural resources such as water, sun and wind for power generation. Alternatives are sought to the current development model on the road to a cleaner and more efficient future.

The relationship between people and energy installations was the subject of the VI Forum organized by the Acende Brazil Institute, entitled “Man, Power Plant and Public Authority”, held on April 27 2010 in Rio de Janeiro.

The event provided a forum for specialists from government bodies and the Public Prosecutor’s Office to reflect on the population resettlement model and the social issues involved in the construction and operation of power plants.

Among the issues discussed, highlights were:

- ▶ Discussion of the problems for energy installations in the areas of infrastructure and population resettlement;
- ▶ Presentation of alternatives to reconcile energy generation with the interests of local communities;
- ▶ Debate between specialists, entrepreneurs, academics and government authorities;
- ▶ Proposals for ways of achieving a direct and transparent relationship between communities and energy companies.

The event was organized by the Acende Brazil Institute, an organization that carries out research to promote transparency and sustainability in the Brazilian electric sector.



Find out more >>

www.acendebrasil.com.br

▶ **Extras**

Awards and Recognitions

The CPFL Energia Group and its subsidiary companies received a range of significant awards in 2010, in recognition of their constant quest for management excellence and commitment to the development and wellbeing of society.

CPFL ENERGIA

The Top 100 Companies in Corporate Citizenship 2010 – from *Gestão & RH Editora* and *Exame* magazines –outstanding ethical dimension and relationship with stakeholders.

The Top 100 Companies in Organizational Human Development Indicators (IDHO) – from *Gestão & RH Editora* magazine, from among Brazil's 1,000 Best and Biggest Brazilian Companies (Exame magazine criterion) – outstanding in the human capital dimension.

The Top 10 Companies in Organizational Human Development Indicators (IDHO) – from *Gestão* magazine, following a national survey among Brazil's 1,000 Best and Biggest Brazilian Companies (Exame magazine criterion) –outstanding in "Top 10".

Most Sustainable Electric Sector Company in Latin America 2010 – from *Latin Finance Magazine* and *Management & Excellence* consultancy –1st place.

Best Companies for Shareholders 2010 – from *Capital Aberto* magazine in the Market Value Greater than R\$ 15 billion category, 3rd place (CPFL received a bronze medal in the magazine's ranking).

Best Companies To Work For – from the *Você S.A./ Exame* Guide –The 150 Best Companies to Work for in Brazil. Classified for the ninth consecutive year and outstanding in Leadership in 2010.

Model Company in Sustainability – from the *Exame* magazine *Sustainability Guide* –Editora Abril –Model Company (for the 8th year).

ABRASCA Award – from the Brazilian Association of Publicly Listed Companies – 12th - edition – Best Annual Report (AR 2009 in blog format).

Brazilian Intangibles Award (PIB) 2010 – pela revista *Consumidor Moderno*, em parceria com a DOM Strategy Partners, na categoria Ativo de Governança e Utilities.

Prêmio Abrares de Participação Especial – from *Consumidor Moderno* magazine in partnership with DOM Strategy Partners, in the Governance Asset and Utilities category.

Prêmio Ideias e Práticas – Inovação Sustentável – pela construtora Camargo Corrêa, no âmbito do projeto Veículo Elétrico.

ABRARES Special Participation Award – from the Brazilian Social Responsibility Association – Special participation (1st year of the award).

Ideas and Practices Award – Sustainable Innovation – from the Camargo Corrêa construction company, for the Electric Vehicle project.

Corporate Friend of Sport Award– granted by the Ministry of Sport.

Value Executive Award 2010 – from the newspaper Valor Econômico, in the Electricity category.

National Quality of Life Award 2010– from the Brazilian Quality of Life Association for excellence in management of the Quality of Life Program.

DISTRIBUTORS CPFL PAULISTA

Prêmio Eletricidade Moderna 2010 – from *Eletricidade Moderna* magazine – Group 1: State-specific companies, in the categories:

- ▶ Best National Company
- ▶ Best Operating Performance – Brazil
- ▶ Best Company in Southeast Region
- ▶ Best Improvement in Southeast Region

CPFL PIRATININGA

ABRADEE Award 2010 – from the Brazilian Electricity Distributors Association (ABRADEE) in the category:

- ▶ Best Management Quality

São Paulo State Quality Management Award – 2010 cycle – from the São Paulo State Quality Excellence Institute (IPEG) in the special category:

- ▶ São Paulo State PNQ Award 2009

RGE

ABRADEE Award 2010 – from the Brazilian Electricity Distributors Association (ABRADEE) in the categories:

- ▶ Best Distributor for Social Responsibility –National
- ▶ Best Electricity Distributor – South Region
- ▶ Best Electricity Distributor in Brazil - National
- ▶ Best Operations Management

Finalist in the National Quality Award® (PNQ) 2010 – from the National Quality Foundation (FNQ) in the Finalist category, for the second consecutive year.

IASC Award South Region 2010 –ANEEL Customer Satisfaction Index – from the National Electric Energy Agency (ANEEL) in the category:

- ▶ Best Electricity Distributor – South Region – over 400 thousand consumer units.

Eletricidade Moderna Award 2010 – from *Eletricidade Moderna* magazine – Group 1: State-specific companies, in the categories:

- ▶ Best Commercial Performance – Brazil.
- ▶ Best Company in the South Region.

Expressão Ecology Award – from *Expressão* magazine – in the Environmental Management category: Environmental Protection in the Construction of an Electricity Distribution Network.

Champions of Innovation Award– from *Amanhã* magazine– most innovative company in the Energy category.

CPFL SANTA CRUZ

Eletricidade Moderna Award 2010 – from *Eletricidade Moderna* magazine – Group 2: Medium-sized companies, in the category:

- ▶ Best Commercial Performance – Brazil.

CPFL LESTE PAULISTA

IASC Award 2010 –ANEEL Customer Satisfaction Index – from the National Electric Energy Agency (ANEEL) in the category:

- ▶ Best electricity distributor in Brazil
- ▶ Best electricity distributor for South and Southeast regions – between 30 thousand and 400 thousand consumer units.

CPFL MOCOCA

Eletricidade Moderna Award 2010 – from *Eletricidade Moderna* magazine – Group 3: Smaller Companies, in the categories:

- ▶ Best National Improvement.
- ▶ Best Performance in Engineering.

CPFL GERAÇÃO

BAESA – Energética Barra Grande

Corporate Citizen Award – from the Sales and Marketing Directors Association (ADVB) state of Santa Catarina, in the Environmental Conservation and Cultural Development categories (the fifth time the company has won the award), with the case studies:

- ▶ *Dyckia Distachya* Plant Reintroduction Program.
- ▶ Art in the Square.

ENERCAN – Campos Novos Energia S.A.

Corporate Citizen Award – from the Sales and Marketing Directors Association (ADVB) state of Santa Catarina, in the Cultural Development category (second time the company has won the award), with the case study:

- ▶ Art in the Square.

COMMERCIALIZING COMPANY CPFL BRASIL

- ▶ **Biggest and Best Award 2010** – from *Exame* magazine, in the Adjusted Return on Equity category – Energy Sector.

HIGHLIGHTS

- ▶ **Valued Executive Award 2010** – from *Valor Econômico*, newspaper in the Valued Executive in the Electricity Sector category – Wilson Ferreira Jr.
- ▶ **The 50 Most Admired HRs in Brazil Award** – Arlindo Casagrande Filho (CPFL) and Gustavo Costa (RGE).
- ▶ **Businessman Friend of Sport Award** – from the Ministry of Sport – recognition for Wilson Ferreira Jr.

NBTC 15 Table

CFC 1003/04 NBC T 15 (*)

COMPANY: CPFL - ENERGIA S.A.

15.2.1 – AVS

Total Added Value to be Distributed (in thousands R\$):	In 2010: 8,686,175	In 2009 *: 8,182,186
Distribution of Added Value (AVS):	65.41% government 14.51% shareholders 3.45% retained	5.73% employees 10.90% lenders 8.65% lenders 5.62% retained

15.2.2 – HUMAN RESOURCES

2010 VALUE (THOUSANDS OF REAIS) 2009 VALUE (THOUSANDS OF REAIS)

Gross compensation segregated by:

Employees	476 353	416 147
Management	18 254	17 095
Outsourced	**	**
Self-employed	3	14
Relation between the highest and the lowest compensation for the entity, considering the employees and management	79,33	59,20
Mandatory payroll charges	141 968	129 432
Nutrition	42 132	39 268
Transportation	2 473	1 444
Private pension plan	27 382	25 140
Health	31 025	27 564
Occupational health and safety	2 395	1 801
Education (excluding environmental education)	2 404	2 213
Culture	-	-
Professional training and development	10 297	7 343
Daycare and daycare allowance	1 560	1 570
Profit and results sharing	38 412	37 902

STAFF INDICATORS

	2010	2009
Total employees at end of period	7 924	7 450
Total hirings	1 671	1 068
Total terminations	1 183	782
Total interns at the end of the period	236	210
Total employees with special needs at the end of the period	289	294
Total outsourced service providers at the end of the period **	**	**
Total employees by gender:		
Male	6 077	6 021
Female	1 847	1 429
Total employees by age in the following age groups:		
Less than 18	33	38
18 to 35	3 904	3 486
36 to 60	3 961	3 904
Over 60	26	22
Total employees by educational background, divided up by:		
Illiterate	-	-
Elementary school level	600	610
High school level	4 356	4 035

EXTRAS

Technical school level	721	636
College	1 801	1 747
Postgraduate level	446	422
Percentage of employees in supervisory positions by gender:		
Male	88,42%	90,57%
Female	11,58%	9,43%

Information on labor-related lawsuits moved by employees against the entity:

Note: Lawsuits found against the company or concluded by agreement shall be deemed as having been ruled in favor of the plaintiff.

Number of labor related lawsuits moved against the entity	667	632
Number of lawsuits ruled in favor of the plaintiffs	601	228
Number of lawsuits ruled against the plaintiffs	553	312
Total value of indemnities and fines paid as a result of court rulings	6 995	9 382

15.2.3 – INTERACTION OF THE ENTITY WITH THE EXTERNAL ENVIRONMENT	2010 VALUE (THOUSANDS OF REAIS)	2009 VALUE (THOUSANDS OF REAIS)
Education (except of an environmental nature)	515	1,858
Culture	10 407	7,879
Health and sanitation	1 782	834
Sport and leisure (excluding sponsorships for publicity purposes)	2 306	1,333
Housing	-	-
Nutrition	-	-
Information with respect to interaction with the clients		
Number of complaints received directly by the entity	984 579	801 942
Number of complaints received through the consumer protection agencies	2 303	1 440
Number of complaints received through the courts	4 083	2 532
Number of complaints satisfied at each instance	-	-
Amount in fines and indemnities to clients as determined by the consumer protection agencies or the courts	-	-
Action taken by the entity to remedy or minimize the causes of the complaints	Ombudsman	Ombudsman
In the selection of suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	() are not considered () are suggested (X) are required	() are not considered () are suggested (X) are required

EXTRAS

15.2.4 – INTERACTION WITH THE ENVIRONMENT	2010 VALUE (THOUSANDS OF REAIS)	2009 VALUE (THOUSANDS OF REAIS)
Investments and expenditures with maintenance in operational processes for improving the environment	89 476	90 167
Investments and expenditures with preservation and/or recuperation of degraded environments	-	-
Investments and expenditures with environmental education for employees, outsourced workers, self-employed and members of management of the entity	-	-
Investments and expenditures with environmental education for the community	-	-
Investments and expenditures with other environmental projects	92 260	69 215
Number of environmental, administrative and judicial lawsuits moved against the entity	-	-
Value of fines and indemnities relative to the environment, determined administratively and/or judicially	-	-
Environmental liabilities and contingencies	-	-

15.3 – FINAL PROVISIONS

Consolidated Information

* Readjusted according to IFRS norms.

For consolidated information, the corporate percentage stake was used in the financial items. For other information such as the number of employees and lawsuits, the information was shown in the form of the integral numbers.

Responsible for completion: Antônio Carlos Bassalo, Tel (19) 3756-8018, bassalo@cpfl.com.br

(*) Information not examined by the independent auditors

** Although the estimated workforce linked to outsourced services was informed in previous years, the company has decided to discontinue this procedure since it contracts these services for the most varied of ends (maintenance, operations, administrative etc.) without quantifying the labor force.

EXTRAS

ANNUAL SOCIAL REPORT 2009 (*)

COMPANY: CPFL ENERGIA S.A.

1 – BASIS FOR CALCULATION	2010 VALUE (R\$ THOUSAND)			2009 VALUE (R\$ THOUSAND)		
Net Revenues (NR)			12,023,729			11,358,006
Operating Result (OR)			2,385,372			2,472,977
Gross Payroll (GP)			530,328			484,161
2 – INTERNAL SOCIAL INDICATORS	VALUE (THOUSAND)	% OF GP	% OF NR	VALUE (THOUSAND)	% OF GP	% OF NR
Food	42,132	7.94%	0.35%	39,268	8.11%	0.35%
Mandatory payroll taxes	141,968	26.77%	1.18%	129,432	26.73%	1.14%
Private Pension plan	27,382	5.16%	0.23%	25,140	5.19%	0.22%
Health	31,025	5.85%	0.26%	27,564	5.69%	0.24%
Occupational health and safety	2,395	0.45%	0.02%	1,801	0.37%	0.02%
Education	2,404	0.45%	0.02%	2,213	0.46%	0.02%
Culture	-	0.00%	0.00%	-	0.00%	0.00%
Training and professional development	10,297	1.94%	0.09%	7,343	1.52%	0.06%
Day-care/ allowance	1,560	0.29%	0.01%	1,570	0.32%	0.01%
Profit/ results sharing	38,412	7.24%	0.32%	37,902	7.83%	0.33%
Others	9,123	1.72%	0.08%	4,202	0.87%	0.04%
Total - Internal social indicators	306,698	57.94%	2.56%	276,435	57.13%	2.44%
3 – EXTERNAL SOCIAL INDICATORS	VALUE (THOUSAND)	% OF GP	% OF NR	VALUE (THOUSAND)	% OF GP	% OF NR
Education	520	0.02%	0.00%	1,858	0.08%	0.02%
Culture	11,971	0.50%	0.10%	7,879	0.32%	0.07%
Health and Sanitation	1,880	0.08%	0.02%	834	0.03%	0.01%
Sport	2,306	0.10%	0.02%	1,333	0.05%	0.01%
Prevention of hunger and malnutrition	-	0.00%	0.00%	0	0.00%	0.00%
Others	4,325	0.18%	0.04%	2,856	0.12%	0.03%
Total Contributions to Society	21,002	0.88%	0.18%	14,760	0.60%	0.14%
Taxes (excluding payroll taxes)	5,270,068	220,93%	43.83%	4,661,531	188.50%	41.04%
Total - External social indicators	5,291,070	221.81%	44.01%	4,676,291	189.10%	41.18%
Investments related to Company production/ operation	89,476	3.75%	0.74%	90,167	3.65%	0.79%
4 – ENVIRONMENTAL INDICATORS	VALUE (THOUSAND)	% OF GP	% OF NR	VALUE (THOUSAND)	% OF GP	% OF NR
Investments in external projects/ programs	92,260	3.87%	0.77%	69,215	2.80%	0.61%
Total Environment Investment	181,736	7.62%	1.51%	159,382	6.45%	1.40%
Regarding annual targets for reducing waste, volume of resources used in / operation and increased efficiency in the use of natural resources, the Company:	() has no targets () fulfilled 51 to 75% () fulfilled 0 to 50% (X) fulfilled 76 to 100%			() has no targets () fulfilled 51 to 75% () fulfilled 0 to 50% (X) fulfilled 76 to 100%		
5 – STAFF INDICATORS	2010	2009				
Employees at end of period	7,924	7,450				
Employees hired during period	1,671	1,068				
Outsourced employees**	NA	5,578				
Interns	236	210				
Employees over 45	2,086	1,841				
Women working at the company	1,847	1,414				

EXTRAS

% management positions occupied by woman	11.58%	9.43%
Afro-Brazilian employees working at the company	960	746
% management positions occupied by Afro-Brazilian employees	2.72%	1.27%
Employees with disabilities or special needs	289	294
6 – INFORMATION ON BUSINESS RESPONSIBILITY		
	2010	2009
Ratio of highest to lowest compensation in the Company	79.33	59.20
Total number of work-related accidents	28	21
Company-sponsored social and environmental projects were decided upon by:	<input type="checkbox"/> executive officers <input checked="" type="checkbox"/> executive officers and managers <input type="checkbox"/> all employees	<input type="checkbox"/> executive officers <input checked="" type="checkbox"/> executive officers and managers <input type="checkbox"/> all employees
Health and safety standards in the workplace were set by:	<input type="checkbox"/> executive officers and managers <input type="checkbox"/> all employees <input checked="" type="checkbox"/> all + CIPA	<input type="checkbox"/> executive officers and managers <input type="checkbox"/> all employees <input checked="" type="checkbox"/> all + CIPA
With respect to labor union freedom, the right to collective bargaining, and internal employee representation, the Company:	<input type="checkbox"/> does not become involved <input type="checkbox"/> adheres to ILO standards <input checked="" type="checkbox"/> encourages and adheres to ILO standards	<input type="checkbox"/> does not become involved <input type="checkbox"/> adheres to ILO standards <input checked="" type="checkbox"/> encourages and adheres to ILO standards
Company pension plan covers:	<input type="checkbox"/> executive officers <input type="checkbox"/> executive officers and managers <input checked="" type="checkbox"/> all employees	<input type="checkbox"/> executive officers <input type="checkbox"/> executive officers and managers <input checked="" type="checkbox"/> all employees
Profit/ results sharing program covers:	<input type="checkbox"/> executive officers <input type="checkbox"/> executive officers and managers <input checked="" type="checkbox"/> all employees	<input type="checkbox"/> executive officers <input type="checkbox"/> executive officers and managers <input checked="" type="checkbox"/> all employees
In the selection of suppliers, the same ethical and social/ environmental responsibility standards adopted by the Company are:	<input type="checkbox"/> not considered <input type="checkbox"/> suggested <input checked="" type="checkbox"/> required	<input type="checkbox"/> not considered <input type="checkbox"/> suggested <input checked="" type="checkbox"/> required
In relation to volunteer work by employees, the Company:	<input type="checkbox"/> does not get involved <input type="checkbox"/> supports it <input checked="" type="checkbox"/> organizes and encourages it	<input type="checkbox"/> does not get involved <input type="checkbox"/> supports it <input checked="" type="checkbox"/> organizes and encourages it
Total number of customer complaints/ criticisms:	to the Company: 984,579 to PROCON: 2,303 to the law courts: 4,083	to the Company: 801,942 to PROCON: 1,440 to the law courts: 2,532
% of complaints and criticisms attended or solved	to the Company: 100% to PROCON: 100% to the law courts: 33.42%	to the Company: 100% to PROCON: 100% to the law courts: 46.95%
Total Value added to be distributed (R\$ thousands):	In 2010: 8,686,175	In 2009*: 8,182,186
Distribution of Value Added (DVA):	65.41% government 5.73% employees 14.51% shareholders 10.90% third parties 3.45% retained	64.19% government 6.52% employees 15.02% shareholders 8.65% third parties 5.62% retained

7 – OTHER INFORMATION

Consolidated Information:

* Adjusted to comply with IFRS standards.

In the financial items, percentage equity participations have been applied. For other information, such as the number of employees and legal suits, overall figures have been used.

Responsible for figures: Antônio Carlos Bassalo, telephone +55 (19) 3756-8018, bassalo@cpfl.com.br

(*) Information not reviewed by the independent auditors.

About this Report

GRI
2.1 | 3.1 | 3.3
3.5 | 3.7 | 3.10
4.14 | 4.17

CPFL Energia's Annual Report details the Company's results for the period from January 1 to December 31 2010, covering its performance, objectives and management practices. For the second consecutive year, the Report follows the guidelines of the Global Reporting Initiative (GRI) in the economic, social and environmental fields. Within this scope, the Report was written according to three key principles: transparency, balance and objectivity.

The Report's contents, once again structured in the innovative format of a blog to allow broad dissemination across the internet, were written in accordance with the guidelines of the latest GRI (G3 version), the GRI Electricity Industry Sector Supplement, and the Brazilian Association of Publicly Listed Companies. An index at the end of the publication correlates the Company's economic and socio-environmental performance with the 10 principles of the Global Compact (see table on pg. 166).

The updated information from the previous report (in 2009) also takes into account the results of consultations with the Company's key stakeholders: investors, shareholders, employees, suppliers, clients, civil society representatives, community, authorities and regulatory bodies,

who met at CPFL Energia's Multi-Stakeholder Panel I, held on March 31 2010 at the Hotel Tryp in Campinas, state of São Paulo, where the CPFL Group's headquarters are located.

CPFL Energia was able to apply the dialog resulting from this organized initiative to align strategic aspects of CPFL Energia's sustainability management with the demands made by stakeholders. As a result of the process of engaging its strategic stakeholders, the following subjects were considered material (in alphabetical order): climate change, community relationships, customer relationships, energy efficiency, safety and quality of life, transparency, and the value chain.

The PDF version of this Report also includes the Social Balance from the Brazilian Institute of Social and Economic Analysis (IBASE) and Information of a Social and Environmental Nature - Brazilian Accounting Standards (NBCT 15), in addition to correlating the 10 principles of the Global Compact with the CPFL Group's initiatives.

Unlike last year, in this reporting period CPFL Energia has not gained third party assurance for its report. Therefore it self-declares its Annual Report 2010 at Level A according to the GRI guidelines.

Global Compact

Human Rights



PRINCIPLE 1
Businesses should support and respect the protection of internationally proclaimed human rights



PRINCIPLE 2
They should make sure that they are not complicit with human rights abuse and violations



Labor Standards



PRINCIPLE 3
Businesses should support the freedom of association and the effective recognition of the right to collective bargaining



PRINCIPLE 4
The elimination of all forms of forced and compulsory labor



PRINCIPLE 5
The effective abolition of child labor



PRINCIPLE 6
The elimination of discrimination with respect to employees and positions

Environment



PRINCIPLE 7
Businesses should adopt a preventive approach to environmental challenges



PRINCIPLE 8
Undertake initiatives to promote greater environmental responsibility



PRINCIPLE 9
Encourage the development and implementation of environmentally friendly technologies



PRINCIPLE 10
Businesses should commit to fight corruption in all its forms

GRI Index

Level of Application

CPFL Energia’s GRI sustainability report meets the Level A requirements for application of GRI guidelines, in accordance with the parameters highlighted in the table below:

		C	C+	B	B+	A	A+
REPORT CONTENTS	G3 Profile	Report on: 1.1; 2.1 - 2.10; 3.1 - 3.8, 3.10 - 3.12; 4.1 - 4.4, 4.14 - 4.15;	WITH EXTERNAL ASSURANCE	Report on all criteria listed for Level C plus: 1.2; 3.9, 3.13; 4.5 - 4.13, 4.16 - 4.17	WITH EXTERNAL ASSURANCE	Same as requirement for Level B	WITH EXTERNAL ASSURANCE
	G3 Management Approach	Not required		Management Approach disclosures for each indicator category		Management Approach disclosures for each indicator category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Social, Economic and Environmental.		Report on a minimum of 20 Performance Indicators, including at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: (a) reporting on the indicator or (b) explaining the reason for its omission.	

ANALYSIS OF PROFILE		
STRATEGY AND ANALYSIS		
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION
1.1	Message from the CEO	Message from the CEO Message from the Board of Directors Strategic Planning Social Performance
1.2	Description of key impacts, risks, and opportunities	Message from the CEO Message from the Board of Directors Risk Management Corporate Risk Management Prevention of financial risk Currency and interest risks on other liabilities Energy purchase market plan Internal audit Private pension plan Insurance management Prevention of operating risk IT security Regulatory issues Environmental Performance
ORGANIZATIONAL PROFILE		
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION
2.1	Name of the organization	The Holding Company Profile of the distribution business Profile of the generation business Profile of the commercialization and services businesses About this Report Corporate Information
2.2	Principal brands, products, and/or services	The Holding Company Profile of the distribution business Profile of the generation business Profile of the commercialization and services businesses Employee Profile Corporate Information

2.3	Operational structure of the organization	The Holding Company Profile of the distribution business Profile of the generation business Profile of the commercialization and services businesses Corporate Information
2.4	Location of headquarters of the organization	Corporate Information CPFL Energia's management headquarters are in Campinas, São Paulo state, Brazil.
2.5	Names of countries where the organization operates and its main operations are located	The Holding Company Profile of the distribution business Profile of the generation business Profile of the commercialization and services businesses
2.6	Nature of ownership and legal form	The Holding Company General Overview of the Group Corporate Information
2.7	Markets served	The Holding Company Profile of the distribution business Profile of the generation business Profile of the commercialization and services businesses Distribution and Sales
2.8	Size of the organization	The Holding Company Profile of the distribution business Profile of the generation business Profile of the commercialization and services businesses General Overview of the Group Distribution and Sales Employee profile
2.9	Significant changes during the reporting period	Message from the Board of Directors 2010 Highlights
2.10	Awards received in the reporting period	Awards and recognition Personnel
EU1	Installed capacity, by source and by regulatory regime	Commercialization and Services
EU2	Net energy output broken down by primary energy source and by regulatory regime	Profile of the generation business
EU3	Number of residential, industrial and commercial customer accounts	Profile of the distribution business Profile of the commercialization and services businesses Distribution and Sales
EU4	Length of transmission and distribution lines by voltage	Structure
EU5	CO ₂ emissions trading licenses	Internal management of environmental impact

REPORT PROFILE

INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION
3.1	Reporting period	About this Report <i>This report covers the CPFL Energia Group's results and activities for the period from January to December 2010.</i>
3.2	Date of most recent previous report	<i>The Annual Report based on GRI-G3 guidelines preceding this one was based on figures and results achieved in 2009.</i>
3.3	Reporting cycle	Introduction About this Report <i>Annual</i>
3.4	Contact point for questions regarding the report or its contents	<i>In addition to using the normal channels, comments, criticisms and suggestions can be sent to relatorioanual@cpfl.com.br</i>
3.5	Process for defining report content	Introduction About this Report
3.6	Scope of the report	Introduction The Holding Company
3.7	Statement on any specific limitations on the scope of the report	About this Report

3.8	Basis for reporting	The Holding Company Profile of the distribution business Profile of the generation business Profile of the commercialization and services businesses General Overview of the Group
3.9	Data measurement techniques and the basis for calculation	<i>The Key Indicators were used as the basis for calculation and figures were measured according to Brazilian and regulatory accepted standards for the sector (for rare exceptions, footnotes explain the methodology or alterations). In 2009, accounting information was reclassified as a result of the adoption of new international accounting practices.</i>
3.10	Explanation of any re-statements of information provided in earlier reports	About this Report <i>Where necessary, explanatory notes explain re-statements.</i>
3.11	Significant changes in scope, limits or measurement methods	<i>Where necessary, explanatory notes explain re-statements.</i>
3.12	Table locating information in the report	This Reference Index
3.13	Current policy and practice relating to external assurance for the report	<i>CPFL will not gain third party assurance for this reporting cycle, making its report Level A self-declared.</i>
GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION
4.1	Governance structure, including committees of the highest governance body	General Overview of the Group Board of Directors and Fiscal Council Board of Executive Officers Committees
4.2	Chairman of the highest governance body	<i>The Chairman of the Board of Directors is not the Chief Executive Officer of CPFL Energia.</i>
4.3	Independent or non-executive members of the highest governance body	Board of Directors and Fiscal Council <i>The definition of Independent Board Member of the CPFL Energia Board of Directors follows the regulations for listing of the BM&FBovespa Novo Mercado and the Company's Corporate Bylaws. For more information see the Corporate Governance Guidelines of CPFL Energia S.A. and the Bylaws of the Board of Directors.</i>
4.4	Mechanisms for shareholders and employees to give recommendations	Manual for Participation in Shareholders' Meetings Employee profile
4.5	Linkage between compensation and the organization's performance (including social and environmental performance)	<i>Total compensation for the Board of Executive Officers, Board of Directors and Fiscal Council are established at the General Shareholders' Meetings, which take place before April 30 of each year. In addition, it is in the Board of Directors' responsibility to fix individual monthly remuneration for Executive Officers, within the overall total established at the General Shareholders' Meeting.</i>
4.6	Processes for ensuring that conflicts of interest are avoided	Board of Directors and Fiscal Council <i>The Related Parties Committee is an advisory committee to the Board of Directors and is responsible for analyzing transactions involving related parties, which are submitted to the Board to ensure that normal market conditions are being observed and to avoid conflicts of interest. In addition, the Company has Policies for Securities Trading and Reporting Material Events or Facts which require the reporting of any material information and prohibit the use of privileged information by controlling shareholders, members of the Board of Directors and Fiscal Council, members of Committees and Commissions, Statutory Directors and other executives, and any persons who, as a result of the position they hold, have access to privileged information, available at http://www.cplf.com.br/diretrizes/port/05.htm</i>
4.7	Qualifications of the members of the highest governance body	Committees <i>In accordance with article 10 of CVM Instruction 481, of December 17 2009, the Company will make available the resúmenes of candidates for membership of the Board of Directors, 30 days prior to their election at the General Shareholders' Meeting. Additionally, in accordance with CPFL Energia's corporate governance guidelines, they must be senior executives with experience in their areas of activity.</i>
4.8	Declaration of Mission and Values, Principles and Code of Conduct	CPFL Energia management foundations Business principles Ethical principles

4.9	Responsibilities for implementing economic, environmental, and social policies	Ethics and Corporate Conduct Committee Board of Directors and Fiscal Council Committees Focus on ethics Sustainability Committee
4.10	Processes for self-evaluating the highest governance body's performance	<i>The self-assessment process for the Board of Directors occurs via the completion of a questionnaire by all Board members. For the Board of Executive Officers, assessment covers short-term objectives as laid out by their individual goal contracts and long-term objectives, as laid out in the Long-Term Incentive Plan, both defined in accordance with the Company's strategic plan. The Personnel Management Committee oversees the Board of Executive Officers' performance and fulfillment of established objectives, and the Board of Directors manages and debates their appraisal.</i>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Risk management Corporate risk management Prevention of financial risk Currency and interest risks on other liabilities Energy purchase market plan Internal audit Private pension plan Insurance management Prevention of operating risk IT security Regulatory issues Environmental Performance Committees
4.12	Externally developed charters, principles, or other initiatives	Commitments Community
4.13	Memberships of associations and/or national or international organizations	CPFL Energia forums Leadership and social influence
4.14	List of stakeholder groups with which the organization engages	Introduction Stakeholders Panel Employee profile Human Resources management About this Report
4.15	Basis for identification and selection of stakeholders	Stakeholders Panel
4.16	Approach to engagement with stakeholders	Customer satisfaction Stakeholders Panel Value Chain
4.17	Key topics and concerns that have been raised through engagement with stakeholders	Energy efficiency Customer satisfaction Stakeholders Panel Value Chain CPFL Energia forums About this Report

INFORMATION ON MANAGEMENT APPROACH		
MANAGEMENT APPROACH	ASPECTS	CHAPTER/SUBSECTION
EC	Economic Performance Market Presence Indirect Economic Impacts	Operations Economic and financial
EN	Materials Energy Water Biodiversity Emissions, Effluent and Waste Products and Services Conformity Transportation General	CPFL Energia management foundations Environment
LA	Employment Relations between employees and management Occupational Health and Safety Training and Education Diversity and Equal Opportunities	Organizational abilities Intangible Assets
HR	Procurement Process Non-Discrimination Freedom of Association Child Labor Forced or Compulsory Labor Security Practices Indigenous Rights	Ethics Management and Development System
SO	Community Corruption Public Policy Anti-Competitive Behavior Conformity	Business Risk Prevention System Leadership and social influence
PR	Customer Health and Safety Labeling Products and Services Marketing Communication Customer Privacy Compliance	Quality management

PERFORMANCE INDICATORS			
ECONOMIC PERFORMANCE			
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION	GLOBAL COMPACT
ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed	Dividend 2010 Highlights	
EC2	Financial implications and other risks and opportunities caused by climate change	Sustainability Committee Internal management of environmental impacts Message from the Board of Executive Officers Strategic management Operations – Generation Operations – Research & Development Operations – Energy efficiency Society Environment Global Compact Indexes	7
EC3	Coverage of the organization's benefit plan obligations	Human Resources management	
EC4	Significant financial assistance received from government	<i>No significant financial assistance from government was registered during the period of the report.</i>	

- Essential Indicators
- Additional Indicators
- Sector Indicators

AVAILABILITY AND SAFETY			
EU6	Management planning to ensure electricity availability and reliability	Generation Distribution	
MANAGEMENT OF CONSUMPTION			
EU7	Demand-side management programs	Energy efficiency	
RESEARCH AND DEVELOPMENT			
EU8	Research and development activity	Research & Development	
SUSPENSION OF NUCLEAR UNIT			
EU9	Provisions for decommissioning of nuclear power sites	<i>Not applicable. CPFL Energia does not generate power from nuclear sources.</i>	
MARKET PRESENCE			
EC6	Policy, practices, and proportion of spending on locally-based suppliers	Ethics in the supplier chain Value Chain <i>Despite having a range of supplier-related policies and practices, CPFL Energia does not possess a policy of orienting expenditures toward suppliers classified as "local" due to the characteristics of the electric sector and the extent of its concession area and that of its subsidiary companies.</i>	
EC7	Local hiring	<i>The CPFL Energia Group does not have a policy of hiring from the local community or from the areas of its subsidiary companies' operations. The Group companies' hiring procedures take into account professional ability independent of the applicant's area of origin.</i>	6
INDIRECT ECONOMIC IMPACTS			
EC8	Impact of infrastructure investments provided for the benefit of the public	Energy efficiency Commercialization and Services Community Implemented mitigation programs and activities	
EC9	Significant indirect economic impacts	Overview of Programs Community	
AVAILABILITY AND SAFETY			
EU10	Planned capacity (MW) against projected electricity demand	<i>As this is one of CPFL Energia's strategic indicators, projected demand data is not disclosed.</i>	
MANAGEMENT OF CONSUMPTION			
EU11	Average generation efficiency in thermoelectric plants	Profile of the generation business	
SYSTEM EFFICIENCY			
EU12	Efficiency in transmission and distribution operations	<i>As this is a strategic indicator for the Company, we have decided against reporting it.</i>	
ENVIRONMENTAL PERFORMANCE			
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION	GLOBAL COMPACT
MATERIALS			
EN1	Materials used by weight or volume	Reuse and recycling Selected waste collection	8
EN2	Percentage of materials used that are recycled materials	<i>The use of recycled materials is not relevant to the operations of CPFL Energia.</i>	8 e 9

- Essential Indicators
- Additional Indicators
- Sector Indicators

ENERGY			
EN3	Direct energy consumption by primary energy source	Internal management of environmental impacts <i>For CPFL Energia, this indicator refers to the environmental impact of the power it generates from its plants. All energy generated by CPFL in 2010 came from CPFL Geração's hydro plants. As this is a renewable energy source, energy generated from hydraulic origins causes no atmospheric greenhouse gas emissions and there is therefore no relevant environmental impact through energy generation.</i>	8
EN4	Indirect energy consumption by primary source	Environmental control actions	8 e 9
EN5	Energy saved due to conservation and efficiency improvements	Internal management of environmental impacts In 2010, total energy consumption fell by 3.8% compared to the previous year, to total 114,501 GJ.	8
EN6	Initiatives for providing energy-efficient products and services	Energy efficiency Generation from renewable sources	
WATER			
EN8	Total water consumption by source	Internal management of environmental impacts	8 e 9
EN9	Water sources significantly affected by water consumption	Internal management of environmental impacts	8
BIODIVERSITY			
EN11	Location and size of land owned	Generation <i>For its large projects, APP belts were purchased by the Company in line with the legislation in force. Similarly, the APPs surrounding the reservoirs are monitored as agreed with the project's licensing body, with the objective of preserving/recovering them. As a result of CONAMA Resolution 302, all generation projects must possess an Environmental Program for Maintaining Usage of the Area Surrounding an Artificial Reservoir (PACUERA), a set of guidelines and directives aiming to enforce the preservation, recovery, use and occupation of the area surrounding artificial reservoirs, respecting the parameters established by this Resolution and by other applicable standards.</i>	8
EN12	Significant impacts of activities, products, and services on biodiversity	Communities	8
EN13	Habitats protected or restored	Environmental control actions Power plant environmental activity	
EN14	Management of impacts on biodiversity	Quality management Energy efficiency Environmental Performance Environmental certifications Environmental control actions Communities Power plant environmental activity Sustainability Committee	
EN15	IUCN Red List species and other conservation list species	<i>CPFL Energia's operations include programs to manage and mitigate its possible impacts, always respecting the applicable environmental law.</i>	
EU13	Change in biodiversity in recovered habitats	Power plant environmental activity <i>CPFL does not undertake an impact assessment that permits analysis of change in biodiversity in recovered habitats.</i>	

- Essential Indicators
- Additional Indicators
- Sector Indicators

EMISSIONS, EFFLUENTS AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions	Internal management of environmental impacts <i>In 2010 CPFL Energia began a new inventory of GHG emissions for all Group companies. Begun at the end of 2010, it is scheduled for completion in the first half of 2011. In the last year, figures for the GHG Inventory 2009 were published, as it was concluded after the publication of the Annual Report 2009. The CPFL Energia inventory does not calculate emissions in flooded areas, as there is no one universal market methodology, allowing for comparisons, for measuring this indicator. However there are alternative methodologies on the market and CPFL Energia has decided to try and find a single methodology and contributes toward research to this end through participation in a Research and Development project.</i>	8
EN17	Other relevant indirect greenhouse gas emissions	Internal management of environmental impacts	8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Research & Development Commercialization and Services CPFL Energia forums Generation from renewable sources Internal management of environmental impacts <i>There is no direct control of emissions from these activities. Significant processes are monitored and included in the inventory. We do not measure the specific reduction from these activities, however it exists and it contributes to the reduction in emissions.</i>	7, 8 e 9
EN19	Emissions of ozone-depleting substances	Internal management of environmental impacts	8
EN20	NO, SO, and other significant air emissions	<i>Due to the characteristics of its operations, there were no significant emissions of gases of this nature.</i>	8
EN21	Total water discharge by quality and destination	<i>Due to the nature of its business, the Company does not suffer significant losses of water during its usage. As a result, we consider discharge to be equal to consumption of water and this occurs entirely in the municipal sewage systems.</i>	8
EN22	Total weight of waste by type and disposal method	<i>The amount of batteries used is not significant to CPFL Energia's processes. The Company does not monitor usage of batteries, however it conditions the purchase of new batteries on the adequate disposal of old batteries, in line with legislation on this matter.</i>	8
EN23	Total number and volume of significant spills	Environmental Performance <i>There were no significant spillages in 2010.</i>	8
PRODUCTS AND SERVICES			
EN26	Initiatives for mitigating environmental impact	Environmental Performance Sustainability Committee Generation from renewable sources Investments Distribution Generation Impact mitigation Environmental certifications Environmental control actions Community Internal management of environmental impacts Reuse and recycling Selective waste collection Power plant environmental activity Discussions on sustainability <i>CPFL Energia also manages in such a way as to demobilize in areas where there is a possible risk of environmental impact, including to underground water reserves.</i>	7, 8 e 9
EN27	Percentage of products and their packaging materials that are recovered by product category	<i>Not applicable, due to the characteristics of the electric sector and the services it provides.</i>	8 e 9

- Essential Indicators
- Additional Indicators
- Sector Indicators

CONFORMITY			
EN28	Monetary value of significant fines and total number of sanctions for non-compliance with laws and regulations	Environmental Performance <i>There were no spillages at CPFL Energia companies during the year, there being only a warning (non-monetary sanction), considered of low severity, relating to the removal of a nest – a “Home of João de Barro” –from a pole at an inappropriate time. In the last three years, the Company has not been fined for environmental impropriety.</i>	8
TRANSPORTATION			
EN29	Environmental impacts from transporting products and the workforce	Internal management of environmental impacts	8
GENERAL			
EN30	Total environmental protection expenditures and investments	Investments	7, 8 e 9
SOCIAL PERFORMANCE – LABOR PRACTICES			
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION	GLOBAL COMPACT
EMPLOYMENT			
LA1	Total workforce by employment type, employment contract, and region	Employee profile	
LA2	Total number and rate of employee turnover by age, gender, and region	Employee profile <i>Information on turnover by gender and age range is not available in the HR system. Monitoring of these indicators will be implemented as of 2012.</i>	6
LA3	Comparison of benefits to full-time employees against temporary employees.	Human Resources management	
RELATIONS BETWEEN EMPLOYEES AND GOVERNANCE			
LA4	Percentage of employees covered by collective bargaining agreements	Employee profile <i>CPFL Energia companies follow and respect labor legislation covering collective agreements. 100% of CPFL Energia employees are covered by collective bargaining agreements.</i>	1, 2 e 3
LA5	Description of notifications (notice period and procedures)	<i>CPFL Energia companies follow and respect labor law regarding transfers. This notice period is not covered by the Group companies’ Collective Agreement.</i>	
EU14	Processes to ensure the retention and training of a skilled workforce	CPFL Cultura Human Resources management	
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Employee profile. <i>In the next five years, approximately 9.17% of employees (a total of 727) will be eligible to retire across all CPFL Energia Group companies.</i>	
EU16	Policies and requirements regarding health and safety of employees and contracted and outsourced workers	Human Resources management Safety	
EU17	Days worked by contractor and outsourced employees involved in construction, operation and maintenance activities	<i>Although the Company has in previous years provided information on an estimated workforce employed by outsourced service providers, it has decided not to continue making this estimate as it outsources various different kinds of services (maintenance, operations, administration etc.) without asking the size of the workforce involved.</i>	

- Essential Indicators
- Additional Indicators
- Sector Indicators

EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	Distribution	
OCCUPATIONAL HEALTH AND SAFETY			
LA6	Percentage of workforce represented in formal health and safety committees	Human Resources management <i>CPFL Energia has committees and programs with worker representation. 100% of CPFL Energia employees are represented by Internal Accident Prevention Commissions (IAPCs), as required by NR05 legislation.</i>	1, 2 e 3
LA7	Rates of injury, occupational diseases, lost days	Safety <i>Information on lost days, absenteeism, and work-related fatalities, by region, is not available in the HR system.</i> <i>Monitoring of this indicator will begin with these objectives and timelines:</i> Objective 1: <i>2011 – 100% of the Absenteeism system in CPFL Group companies.</i> <i>Action plan:</i> <i>January to June – conclusion of application and made available on the CPFL Portal – done</i> <i>May to June – input of data and validation of functions and applications.</i> <i>June to August – process standardization</i> <i>August to November – testing and definition of indicators</i> <i>December – data maintenance.</i> Objective 2: <i>2012 – Monitor process conformity via audits (internal and external) and check efficiency through indicators (monthly and/or annual).</i>	1
LA8	Education, prevention, and risk-control programs	Human Resources management <i>There is no identification of specific diseases resulting from the activities of electricity generation, distribution and commercialization. Nonetheless, CPFL Energia carries out numerous activities covering health and safety, including serious illnesses such as HIV/AIDS, cancer, diabetes, RSI and stress. Details of actions are contained in the Quality of Life website (www.cpfl.com.br/qvida). Internal email campaigns and workplace exercise programs are also run for employees, the latter for preventing RSI-related illnesses.</i>	1
LA9	Health and safety topics covered in formal agreements with trade unions	<i>CPFL Energia respects the legislation and collective agreements.</i>	1
TRAINING AND EDUCATION			
LA10	Average hours of training per year	Employee profile <i>Information on employee category is not available in the HR system. Monitoring will take place as of 2012.</i>	6
LA11	Programs for skills management and ongoing training	Human Resources management	
LA12	Percentage of employees receiving performance reviews	Human Resources management <i>In 2010, 100% of employees received performance and career development reviews.</i>	

- Essential Indicators
- Additional Indicators
- Sector Indicators

DIVERSITY AND EQUALITY OF OPPORTUNITY			
LA13	Composition of governance bodies and breakdown according to gender and minority groups	Employee profile <i>Of the seven members of the Board of Directors, one is a woman. There is one female Officer among the seven members of the Board of Executive Officers. In addition, the Advisory to the Board of Directors is run by a woman.</i>	1 e 3
LA14	Ratio of basic salary of men to women by employee category	Employee profile	1, 2 e 3
HUMAN RIGHTS			
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION	GLOBAL COMPACT
PROCUREMENT PRACTICES			
HR1	Percentage and total number of significant investment agreements that include human rights clauses	<i>All significant investment agreements include human rights clauses.</i>	
HR2	Percentage of contractors that have undergone screening on human rights	<i>All CPFL Energia supplier company contracts contain clauses on commitments to not using child labor, forced labor or infringing human rights in their activities. In 2010, no contracted or supplier company had its contract revoked or rejected through infringement of these clauses.</i>	1, 2, 3 e 4
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights, including the percentage of employees trained	<i>CPFL Energia does not possess information on hours of employee training on policies and procedures concerning aspects of human rights relevant to operations.</i>	
NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken	Ethics Management and Development System	1, 2 e 3
FREEDOM OF ASSOCIATION			
HR5	Policy on freedom of association and its level of application	Employee profile <i>CPFL Energia supports all forms of collective bargaining and union representation and guarantees electricity supply services to its customers in case of strike/ paralysis of its employees, in accordance with legislation covering the supply of services considered essential.</i>	1, 2 e 3
CHILD LABOR			
HR6	Measures taken to contribute to the elimination of child labor	Ethics in the supplier chain <i>All CPFL Energia Group company contracts include clauses prohibiting child labor or forced labor. In 2010, no operations were identified as at risk for the occurrence of child labor.</i>	1, 2 e 3
FORCED AND COMPULSORY LABOR			
HR7	Measures taken to contribute to the elimination of forced labor	Ethics in the supplier chain <i>All CPFL Energia Group company contracts include clauses which forbid forced labor. In 2010 no operations were identified as having significant risk for incidents of forced or compulsory labor.</i>	1, 2 e 3

- Essential Indicators
- Additional Indicators
- Sector Indicators

SECURITY PRACTICES			
HR8	Percentage of security personnel trained in aspects of human rights	This number is not available, however all employees and contracted companies receive, on signing their contract, the Code of Ethics and Corporate Conduct which describes all policies relating to human rights which must be respected and complied with.	
INDIGENOUS RIGHTS			
HR9	Total incidents of violations of rights of indigenous people and actions taken	In 2010 there was no case of violation of the rights of indigenous peoples.	
SOCIETY			
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION	GLOBAL COMPACT
COMMUNITY			
SO1	Programs and practices to assess and manage the impacts of operations on communities	<p>Ethics Management and Development System Distribution and Sales Research & Development Energy efficiency Society - Community Environment - Community Safety Environmental Performance</p> <p><i>Fulfillment of this indicator varies according to the activities of the company. For electricity distribution, the regulatory authorities establish concession areas, with the concessionaire company not able to freely determine its geographical area of operation. For electricity generation, with the exception of the small hydro plants that do not create significant impact, all projects fulfill the legal requirements, beginning with the socio-environmental impact study. In both cases, actions are permanent, or at least of long duration.</i></p>	10
EU19	Process for stakeholder participation in the preparation and execution of decisions and planning regarding the power supply and infrastructure	Customer satisfaction Stakeholders Panel	
EU20	Management of the impacts of involuntary displacement	Communities Power plant environmental activity	
EU21	Contingency planning measures for disaster/emergency	Prevention of operating risk Environmental Performance	
EU22	Number of people displaced, by new or expansion projects	Communities	
CORRUPTION			
SO2	Units analyzed for corruption-related risks	<p>Ethics Management and Development System Induction in the Code of Ethics for companies new to the group Commitments Risk management Corporate risk management Prevention of financial risk Currency and interest risks on other liabilities Energy purchase market plan Internal audit Private pension plan Insurance management Prevention of operating risk IT security Regulatory issues</p> <p><i>The issue is dealt with in a preventive manner, as well as punitive when required. Both cases are submitted to the Ethics Management and Development System with its numerous mechanisms (Ethics Network Portal, Ethics Committee, Access Channels, Code of Ethics and Corporate Conduct, Ethics Consultancy, Ethical training). In this sense, coverage of the Group is 100%.</i></p>	10

- Essential Indicators
- Additional Indicators
- Sector Indicators

S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Ethics Management and Development System 100% of employees formally commit to the guidelines and policies of the CPFL Energia Code of Ethics and Corporate Conduct, which specifically contains the 10th Global Compact Principle (businesses should commit to fight corruption in all its forms, including extortion and bribery) in item 6.1.1 and the Corporate Pact for Integrity and against Corruption in item 6.1.3. In addition, these principles are covered during attendance at seminars on Induction in the Code. All executives and around 50% of employees have been taking part through their presence at these seminars since 2003. All have received guidance on disseminating these principles in their teams.	10
S04	Actions taken in response to incidents of corruption	In 2010 there were no registered cases of corruption.	10
POLÍTICAS PÚBLICAS			
S05	Positions on public policy	Commitments Community CPFL Energia forums Power plant environmental activity Discussions on sustainability	10
S06	Policy on financial contributions to political parties, politicians, and related institutions	CPFL Energia Group companies do not make contributions to political parties. See the Code of Ethics for more on this issue, at www.cpf.com.br/etica .	
ANTI-COMPETITIVE BEHAVIOR			
S07	Lawsuits for anti-competitive behavior	In 2010, the Company was not the subject of any lawsuits for anti-competitive, anti-trust or monopoly behavior, or its results.	
CONFORMITY			
S08	Significant fines and total number of non-monetary sanctions	Between 2003 and 2007, a CPFL Group company did not reach the quality standards determined by the regulatory body of Brazil's south region, mainly due to climate and geographical factors, leading to two regulatory fines in 2010, of a sum total of R\$ 9.5 million.	
PRODUCT RESPONSIBILITY			
INDICATOR	DESCRIPTION	CHAPTER/SUBSECTION	GLOBAL COMPACT
ACCESS			
EU23	Programs for improving or maintaining access to services	Distribution and Sales Customer Service Distribution Commercialization and Services	
INFORMATION TO CUSTOMERS			
EU24	Practices for overcoming barriers to accessing and safely using services	Safety	

- Essential Indicators
- Additional Indicators
- Sector Indicators

CUSTOMER HEALTH AND SAFETY			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	Distribution and Sales Safety <i>The services provided by CPFL Energia are subject to the standards and resolutions of ANEEL, which regulates the sector and its relationship with the communities in the concession areas. All services and activities are subject to regulation, including quality and reliability of services, the tariff rate, safety of supply and the communication of information on its usage, clarity and transparency of information supplied, access channels to the company, etc. Therefore, the distributors fulfill their respective concession contracts by investing constantly in ongoing improvements to services, through Research and Development and Energy Efficiency Programs, for instance. Additionally, the distributors also invest in communications, and cultural, social and environmental activities. All these programs aim to provide constant improvements to the services provided and to the safety of communities and employees.</i>	
PR2	Incidents of non-compliance related to impacts caused by products and services	No instances of non-compliance were registered during the period.	
EU25	Number of accidents and fatalities to the public involving company assets	Safety	
PRODUCT AND SERVICE LABELING			
PR3	Type of product and service information required by labeling procedures	<i>The CPFL Energia Distributors comply fully with the requirements of their respective concession contracts for power distribution services with respect to information that must be contained in electricity bills, in accordance with Resolution 456 of the Brazilian National Electric Energy Agency (ANEEL).</i>	
PR4	Incidents of non-compliance concerning product and service information and labeling	Not applicable.	
PR5	Practices related to customer satisfaction, including results of surveys	Customer satisfaction	
MARKETING COMMUNICATIONS			
PR6	Programs for compliance with the applicable laws, standards and voluntary codes	<i>All and any communication strictly follows the guidelines set by the Code of Ethics and Corporate Conduct.</i>	
PR7	Incidents of non-compliance concerning communication of products and services	<i>CPFL Energia does not violate and has no record of violation or non-conformity with advertising regulations relating to its advertising and communication activities, and rigorously follows the requirements of its Code of Ethics and Corporate Conduct, particularly with respect to item 4.9 on Publicity, Campaigns and Concession of Sponsorship: "The CPFL Group undertakes to comply with its Sponsorship and Donations Policy, not approving any campaigns, publicity insertions and/or sponsorship for events that encourage the consumption of alcoholic beverages, tobacco and narcotics, that expose children and adolescents in a prejudiced or biased light, that cause embarrassment, humiliation, exclusion or highlight the vulnerability of individuals and groups, that encourage ill-treatment of animals or that may trigger or induce environmental damage."</i>	

- Essential Indicators
- Additional Indicators
- Sector Indicators

CONFORMITY		
PR8	Total number of substantiated complaints regarding breaches of customer privacy	In 2010, the CPFL Energia distribution and commercialization companies had no registered complaints regarding breaches of customer privacy or losses of customer data.
COMPLIANCE		
PR9	Fines for non-compliance concerning the provision and use of products and services	Between 2003 and 2007, a CPFL Group company did not reach the quality standards determined by the regulatory body of Brazil's south region, mainly due to climate and geographical factors, leading to two regulatory fines in 2010, of a sum total of R\$ 9.5 million.
ACCESS		
EU26	Percentage of population not served in urban and rural areas	<p>Distribution and Sales</p> <p>All CPFL Energia Group distributors fulfilled their commitments under the Universal Electricity Program in the urban and rural areas of their concessions (with annual required target levels for each municipality), except those part of the Light for All program, which covered two distinct phases according to specific regulations. The first was completely fulfilled by 2008 by the Group's concessionaires. The second covered to the 2009-2010 period. CPFL Piratininga and CPFL Jaguari did not have set goals, and their regions are 100% covered. For the group's other distributors, the goals for the period are being met as demonstrated below, given that their deadline for completion was extended by Federal Decree to December 2011.</p> <ul style="list-style-type: none"> - CPFL Paulista: made 1,579 connections in 2010, totaling 1,601 for the period, with a goal of 3,500 connections (goal 46% met). - CPFL Leste Paulista: made 11 connections in 2010, totaling 69 for the period, with a goal of 124 connections (goal 56% met). - CPFL Mococa: made 38 connections in 2010, totaling 124 for the period, with a goal of 150 connections (goal 83% met). - CPFL Sul Paulista: made 200 connections in 2010, totaling 510 for the period, with a goal of 921 connections (goal 55% met). - CPFL Santa Cruz: made 261 connections in 2010, totaling 479 for the period, with a goal of 321 connections (goal met and surpassed by 49%). - RGE: made 1,052 connections in 2010, totaling 2,153 for the period, with a goal of 3,062 connections (goal 70% met).
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and regulatory system	This indicator is not available as the Company's current system is not currently set up to allow extraction of this data. It is due to be available in 2012.
EU28	Power outage frequency	Environmental Performance Energy Supply Quality
EU29	Average power outage duration	Energy Supply Quality
EU30	Average plant availability factor	Profile of the Generation business Commercialization and Services

- Essential Indicators
- Additional Indicators
- Sector Indicators

GRI
2.1 | 2.2 | 2.3 | 2.4 | 2.6

Corporate Information

Holding Companies

CPFL Energia – CPFL Energia S.A.

Rua Gomes de Carvalho, 1.510
| 14º andar | conjunto 1.402
Vila Olímpia | São Paulo | SP
CEP: 04547-005
CNPJ: 02.429.144/0001-93
IE: Exempt
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

CPFL Jaguariúna – CPFL Jaguariúna S.A.

Rua Vigato, 1.620 | 1º andar | sala 8
Jaguariúna | SP | CEP: 13820-000
CNPJ: 02.150.569/0001-69
IE: Exempt
Telephone: (19) 3847-5910
Fax: (19) 3837-4567
Site: <www.cpfl.com.br>

Chumpitaz Participações S.A.

Rodovia Eng. Ermênio de Oliveira
Penteado, km 57,5, Marginal Norte
1º pavimento, ASA A
Bairro Helvetia | Indaiatuba | SP
CEP: 13.337-300
CNPJ: 08.971.542/0001-13
IE: Exempt
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Energy distribution

CPFL Paulista – Companhia Paulista de Força e Luz

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 33.050.196/0001-88
IE: 244.163.955.115
Telephone: (19) 3756-8844
Fax: (19) 3756-8040
Site: <www.cpfl.com.br>

CPFL Piratininga – Companhia Piratininga de Força e Luz

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 04.172.213/0001-51
IE: 244.946.329.113
Telephone: (19) 3756-8844
Fax: (19) 3756-8040
Site: <www.cpfl.com.br>

RGE – Rio Grande Energia S.A.

Rua Mário de Boni, 1.902 | Loteamento
Sanvitto
Bairro Floresta | Caxias do Sul | RS
CEP: 95012-580
CNPJ: 02.016.439/0001-38
IE: 029/0487447
Telephone: (54) 3206-3102
Fax: (54) 3206-3161
Site: <www.rge-rs.com.br>

CPFL Santa Cruz – Companhia Luz e Força Santa Cruz

Rua Gomes de Carvalho, 1.510 | 14º andar
Conjunto 1.402 | Sala 02
Vila Olímpia | São Paulo | SP
CEP: 04547-005
CNPJ: 61.116.265/0001-44
IE: 148.526.500119
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

CPFL Leste Paulista – Companhia Leste Paulista de Energia

Rua Vigato, 1.620 | 1º andar | sala 1
Jaguariúna | SP | CEP: 13820-000
CNPJ: 61.015.582/0001-74
IE: 395.088.358.112
Telephone: (19) 3847-5945
Fax: (19) 3837-4570
Site: <www.cpfl.com.br>

EXTRAS

CPFL Jaguari – Companhia Jaguari de Energia

Endereço: Rua Vigato, 1.620 | térreo
Jaguariúna | SP | CEP 13820-000
CNPJ: 53.859.112/0001-69
IE: 395.088.376.114
Telephone: (19) 3847-5945
Fax: (19) 3837-4570
Site: <www.cpfll.com.br>

CPFL Sul Paulista – Companhia Sul Paulista de Energia

Rua Vigato, 1.620 | 1º andar | sala 2
Jaguariúna | SP | CEP 13820-000
CNPJ: 60.855.608/0001-20
IE: 395.088.367.113
Telephone: (19) 3847-5945
Fax: (19) 3837-4570
Site: <www.cpfll.com.br>

CPFL Mococa – Companhia Luz e Força de Mococa

Rua Vigato, 1.620 | 1º andar | sala 3
Jaguariúna | SP | CEP 13820-000
CNPJ: 52.503.802/0001-18
IE: 395.088.631.114
Telephone: (19) 3847-5945
Fax: (19) 3837-4570
Site: <www.cpfll.com.br>

Energy generation

CPFL Geração – CPFL Geração de Energia S.A.

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 03.953.509/0001-47
IE: 244.858.020.116
Telephone: (19) 3756-8844
Fax: (19) 3756-8040
Site: <www.cpfll.com.br>

CPFL Bioenergia – CPFL Bioenergia S.A.

Rua Gomes de Carvalho, 1.510 | 14º andar
Conjunto 1.402 | Sala 04
Vila Olímpia | São Paulo | SP
CEP: 04.547-005
CNPJ: 07.693.890/0001-03
IE: 148.317.992.111
Telephone: (11) 3841-8507
Fax: (11) 3841-8516 / 85155

CPFL Sul Centrais – CPFL Sul Centrais Elétricas LTDA.

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5

Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 05.441.551/001-04
IE: 244.793.833.114
Telephone: (19) 3756-8844
Fax: (19) 3756-8040
Site: <www.cpfll.com.br>

Ceran – Companhia Energética Rio das Antas S.A.

Av. Carlos Gomes, 300 | 8º andar
Bairro Boa Vista | Porto Alegre | RS
CEP: 90480-000
CNPJ: 04.237.975/0001-99
IE: 096/2854360
Telephone: (51) 3025-6700
Fax: (51) 3025-6701
Site: <www.ceran.com.br>

Baesa – Energética Barra Grande S.A.

Linha São Jorge, s/nº
Zona rural | Pinhal da Serra | RS
CEP: 95390-000
CNPJ: 04.781.143/0001-39
IE: 488/0001910
Tefone: (48) 3331-0003
Fax: (48) 3331-0031
Site: <www.baesa.com.br>

Enercan – Campos Novos Energia S.A.

Fazenda do Aranha, s/nº, 1º Distrito
de Campos Novos
Campos Novos | SC | CEP: 89620-000
CNPJ: 03.356.967/0001-07
IE: 253.966.078
Telephone: (48) 3331-0003
Fax: (48) 3331-0031
Site: <www.enercan.com.br>

Chapecoense – Chapecoense Geração S.A.

Rua Tenente Silveira, 225 | 10º andar | Centro
Florianópolis | SC | CEP: 88010-300
CNPJ: 07.829.836/0001-42 | IE: Exempt
Telephone: (48) 3029-5076
Site: <www.cpfll.com.br>

Foz do Chapecó Energia S.A.

Rua Tenente Silveira, 225 | 10º andar | Centro
Florianópolis | SC | CEP: 88010-300
CNPJ: 04.591.168/0001-70 | IE: Exempt
Telephone: (48) 30295076
Site: <www.fozdochapeco.com.br>

Jaguari de Geração – Companhia Jaguari de Geração de Energia

Rua Vigato, 1.620 | Térreo | Sala 2
Jaguariúna | SP | CEP 13820-000

CNPJ: 07.137.154/0001-79
IE: 395.093.565.112
Telephone: (19) 3847-5910
Fax: (19) 3837-4567
Site: <www.cpfll.com.br>

Paulista Lajeado (PLE) – Paulista Lajeado Energia S.A.

Rua Vigato, 1.620 | 1º andar | sala 4
Jaguariúna | SP | CEP 13820-000
CNPJ: 03.491.603/0001-21
IE: 395.101.735.110
Telephone: (19) 3847-5910
Fax: (19) 3837-4567
Site: <www.cpfll.com.br>

CPFL Bio Formosa – CPFL Bio Formosa S.A.

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 11.352.989/0001-19
IE: 795.022.537
Telephone: (19) 3847-5910
Fax: (19) 3837-4567
Site: <www.cpfll.com.br>

CPFL Bio Pedra – CPFL Bio Pedra S.A.

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 11.631.680/0001-68
IE: 795.040.359.117
Telephone: (19) 3847-5910
Fax: (19) 3837-4567
Site: <www.cpfll.com.br>

CPFL Bio Ipê – CPFL Bio Ipê S.A.

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 11.631.679/0001-33
IE: 795.040.359.117
Telephone: (19) 3847-5910
Fax: (19) 3837-45677
Site: <www.cpfll.com.br>

CPFL Bio Buriti – CPFL Bio Buriti S.A.

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 11.631.681/0001-02
IE: 795.040.368.118
Telephone: (19) 3847-5910

EXTRAS

Fax: (19) 3837-4567
Site: <www.cpfl.com.br>

Centrais Elétricas da Paraíba S.A. – Epasa

Rua Projetada s/n | Engenho Triunfo
Estrada do Aterro Sanitário, km 01
Distrito Industrial | Recife | PE
CEP: 58000-000
CNPJ: 10.366.780/0001-41
IE: 37.088.106
Telephone: (19) 3756 8844
Fax: (19) 3756 8040

Santa Clara I Energias Renováveis LTDA.

Rua Gomes de Carvalho, 1.510 | 14º andar |
Conjunto 1.402 | Sala 01
Vila Olímpia | São Paulo | SP
CEP: 04.547-005
CNPJ: 10.797.899/0001-79 | IE: Exempt
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Santa Clara II Energias Renováveis LTDA.

Rua Gomes de Carvalho, 1.510 | 14º andar |
Conjunto 1.402 | Sala 05
Vila Olímpia | São Paulo | SP
CEP: 04547-005
CNPJ: 10.797.908/0001-21
IE: 148.585.808.111
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Santa Clara III Energias Renováveis LTDA.

Rua Gomes de Carvalho, 1.510 | 14º andar |
Conjunto 1.402 | Sala 07
Vila Olímpia | São Paulo | SP
CEP: 04547-005
CNPJ: 10.797.910/0001-09
IE: 148.585.880.119
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Santa Clara IV Energias Renováveis LTDA.

Rua Gomes de Carvalho, 1.510 | 14º andar |
Conjunto 1.402 | Sala 08
Vila Olímpia | São Paulo | SP
CEP: 04.547-005
CNPJ: 10.797.907/0001-87
IE: 148.585.871.118
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Santa Clara V Energias Renováveis LTDA.

Rua Gomes de Carvalho, 1.510 | 14º andar |
Conjunto 1.402 | Sala 09
Vila Olímpia | São Paulo | SP
CEP: 04.547-005
CNPJ: 10.797.909/0001-76
IE: 148.585.890.113
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Santa Clara VI Energias Renováveis LTDA.

Rua Gomes de Carvalho, 1.510 | 14º andar |
Conjunto 1.402 | Sala 10
Vila Olímpia | São Paulo | SP
CEP: 04.547-005
CNPJ: 10.797.906/0001-32
IE: 148.585.862.117
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Eurus VI Energias Renováveis LTDA.

Rua Gomes de Carvalho, 1.510 | 14º andar |
Conjunto 1.402 | Sala 11
Vila Olímpia | São Paulo | SP
CEP: 04.547-005
CNPJ: 10.797.905/0001-98
IE: 148.585.853.116
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

Energy commercialization

CPFL Brasil – CPFL Comercialização

Brasil S.A.

Rodovia Engenheiro Miguel Noel
Nascentes Burnier, km 2,5
Jardim Santana | Campinas | SP
CEP: 13088-900
CNPJ: 04.973.790/0001-42
IE: 244.925.224.119
Telephone: (19) 3756-8844
Fax: (19) 3756-8040
Site: <www.cpfl.com.br>

CPFL Meridional – Clion Assessoria e Comercialização de Energia Elétrica LTDA.

Rua Mário de Boni, 1.902
Loteamento Sanvitto
Bairro Florestal Caxias do Sul | RS
CEP: 95012-580
CNPJ: 04.785.914/0001-66
IE: 096/2949191
Telephone: (19) 3756 8844

Fax: (19) 3756 8040
Site: <www.cpfl.com.br>

CPFL Sul Geradora – Sul Geradora Participações S.A.

Rua Gomes de Carvalho, 1.510 | 14º andar |
conjunto 1.402
Vila Olímpia | São Paulo | SP |
CEP 04547-005
CNPJ: 02.689.862/0001-07
IE: 116.344.665.111
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

CPFL Cone Sul – CPFL Comercialização Cone Sul S.A.

Rua Gomes de Carvalho, 1.510 | 14º andar |
conjunto 1.402 | sala 3
Vila Olímpia | São Paulo | SP
CEP 04547-005
CNPJ: 02.190.883/0001-75
IE: 116.828.547.116
Telephone: (11) 3841-8507
Fax: (11) 3841-8516/8515
Site: <www.cpfl.com.br>

CPFL Planalto – CPFL Planalto LTDA.

Rua Vígato, 1.620 | 1º andar | sala 7
Jaguariúna | São Paulo | SP
CEP 13820-000
CNPJ: 02.150.562/0001-47
IE: 395.090.478.113
Telephone: (19) 3847-5910
Fax: (19) 3837 4567
Site: <www.cpfl.com.br>

CPFL Serviços – CPFL Serviços, Equipamentos, Indústria e Comércio S.A.

Avenida dos Bragheta, 364
São José do Rio Pardo | SP
CEP 13720-000
CNPJ: 58.635.517/0001-37
IE: 646.020.134.111
Telephone: (19) 3687 8200
Fax: (19) 3687 8200
Site: <www.cpfl.com.br>

Other businesses

CPFL Atende – CPFL Atende Centro de Contatos e Atendimento LTDA.

Rua Antonio Carlos Mori, 677 | sala B
Ourinhos | SP | CEP: 19.900-080
CNPJ: 09.606.475/0001-09
IE: Exempt
Telephone: (19) 3756-8844
Fax: (19) 3756-8040

Board of Executive Officers

Wilson Ferreira Jr.

Chief Executive Officer

*Wilson Ferreira Jr.**

Chief Financial and Investor Relations Officer

Paulo Cezar Coelho Tavares

Chief Energy Management Officer

Miguel Normando Abdalla Saad

Chief Energy Generation Officer

Hélio Viana Pereira

Chief Operations Officer

José Marcos Chaves de Melo

Chief Administration Officer

Adriana Waltrick

Chief Business Development Officer

(Acting. Lorival Nogueira Luz Jr. filled
the role on March 21st 2011.*

GRI Team

Coordination

Carlos Henrique M. Ramos
carloshenrique@cpfl.com.br
(19) 3756-6094

Calculation and Systemization of Indicators

Natália Tadokoro
nataliatk@cpfl.com.br
(19) 3756-8316

Strategic Management

Fernando Mano da Silva
fernandomano@cpfl.com.br
(19) 3756-8137

Rafael Lazzaretti
rlazzaretti@cpfl.com.br
(19) 3756-8219

Roseli Cordeiro Silveira
roseli@cpfl.com.br
(19) 3756-8115

Monica de Oliveira Rocha
monica@cpfl.com.br
(19) 3756-8744

Cláudia Korsakas
korsakas@cpfl.com.br
(19) 3756-8028

Vinícius de Paula Arruda
varruda@cpfl.com.br
(19) 3756-8189

Nilson Reche
nreche@cpfl.com.br
(19) 3756-8958

Erico Umezu
ericoumezu@cpfl.com.br
(19) 3756-8590

Henrique Lian
hlian@cpfl.com.br
(19) 3756-5100

Natália Tadokoro
nataliatk@cpfl.com.br
(19) 3756-8316

Risk Management

Gilberto Costa De Souza
gilbertosouza@cpfl.com.br
(19) 3756-8771

Cristiano Monteiro Bueno
cbueno@cpfl.com.br
(19) 3756-6069

Marcio de Almeida Libanio
marciolibanio@cpfl.com.br
(19) 3756-8019

Tiago da Costa Parreira
tiagoparreira@cpfl.com.br
(19) 3756-8703

Amanda Ribeiro
amandaribeiro@cpfl.com.br
(19) 3756-8952

Lisete Stella Meschiar
lisete@cpfl.com.br
(19) 3756-8707

Fabio Rogerio Zanfelic
fabio@cpfl.com.br
(19) 3756-8875

Rogério de Almeida
almeida@cpfl.com.br
(19) 3756-8952

Helio Takashi Ito
ito@cpfl.com.br
(19) 3756-6072

Delcídes Sanchez Gomez
sanchez@cpfl.com.br
(19) 3756-8975

Amanda Graciela Pires de Camargo Durante
amandadurante@cpfl.com.br
(19) 3756-8596

Regina Helena Simonaio
reginasimonaio@cpfl.com.br
(19) 3756-8615

Ricardo Ide Kintschner
ricardo@cpfl.com.br
(19) 3756-8019

Celso José Pezzuól
celsopezzuol@cpfl.com.br
(19) 3756-8201

Ronaldo Borges Franco
rbfranco@cpfl.com.br
(19) 3756-8932

Sendilene Belmonte Garcez
sendilene@cpfl.com.br
(19) 3756-6415

Robson Hitoshi Tanaka
robsontanaka@cpfl.com.br
(19) 3756-8230

Melina Casado de Oliveira
melinac@cpfl.com.br
(19) 3756-8668

Marcelo Carreras
mcarreras@cpfl.com.br
(19) 3756-8707

Márcio Félix
mfelix@cpfl.com.br
(19) 3756-5232

Carlos Alberto Belarmino Teixeira
belarmino@cpfl.com.br
(19) 3756-6056

Manoel Eduardo Miranda Negrisoli
negrisoli@cpfl.com.br
(19) 3756-6474

Corporate Governance

Gisélia da Silva
giselia@cpfl.com.br
(11) 3841-8502

Fabiana Moser Leonis Ramos
fmoser@cpfl.com.br
(11) 3841-8502

Raimundo Nonato Barbosa Guimaraes
raimundononato@cpfl.com.br
(19) 3756-6083

Economic

Alessandra M. M. Munhoz Andretta
munhoz@cpfl.com.br
(19) 3756-8057

Dalmo Moretti
dalmo@cpfl.com.br
(19) 3756-5155

Luciana Hogata
lucianah@cpfl.com.br
(19) 3756-5254

Graziela S. da C. Machado
gsardinha@cpfl.com.br
(19) 3756-5828

Vinícius de Paula Arruda
varruda@cpfl.com.br
(19) 3756-8189

Nathana Luíza Monteiro Silva
nathana@cpfl.com.br
(19) 3756-8231

Reginaldo de J. Pereira Filho
rpereira@cpflsantacruz.com.br
(19) 3847-5997

Rodrigo Fugii
rodrigofuggi@cpfl.com.br
(19) 3756-6012

Luis Mecatti de Carvalho
mecatti@cpfl.com.br
(19) 3756-6037

Raphael Pisani Dias
raphaeldias@cpfl.com.br
(19) 3756-6082

Environmental

Rodolfo Nardez Sirol
msirol@cpfl.com.br
(19) 3756-8318

Eduardo Semise da Silva
esemise@cpfl.com.br
(19) 3756-8459

Marcelo Eduardo de Mattos
mattos@cpfl.com.br
(19) 3756-8668

Susana de Barros Neves
sneves@cpfl.com.br
(19) 3756-8979

Fernando Celso Sedeh Padilha
padilha@cpfl.com.br
(19) 3756-8896

Robson Hitoshi Tanaka
robsontanaka@cpfl.com.br
(19) 3756-8230

Melina Casado de Oliveira
melinac@cpfl.com.br
(19) 3756-8668

Ronaldo Antonio Roncolato
roncolato@cpfl.com.br
(19) 3756-8374

Newton Westin Romanelli
newton@cpfl.com.br
(19) 3756-8154
Fernanda Furlan Gouveia
fgouveia@cpfl.com.br
(19) 3756-5167

Social

Cleber do Amaral
cleberamaral@cpfl.com.br
(19) 3756-5196

Cristina Helena Perrone Aydar
cristinah@cpfl.com.br
(19) 3756-8032

Joana Ruiz Landucci
joanarl@cpfl.com.br
(19) 3756-8569

Edney Antonio Bruscajin Pin
pin@cpfl.com.br
(19) 3756-8314

Deise Fernandes
deise@cpfl.com.br
(19) 3756-8762

Henrique Lian
hlian@cpfl.com.br
(19) 3756-5100

Mário Mazzilli
mazzilli@cpfl.com.br
(19) 3756-8204

Daniela Ortolani Pagotto
danielapagotto@cpfl.com.br
(19) 3756-7070

Fabrizio Bopp Panichi
fpanichi@rge-rs.com.br
(54) 3206-3903

José Santoro Neto
josesantoro@cpfl.com.br
(19) 3756-8207

Vandro Luiz Pezzin
vpezzin@rge-rs.com.br
(54) 3206-3202

Dirceu Simões de Oliveira
dirceusimoes@cpflsantacruz.com.br
(14) 3302-2409

Ézio Onofre Garcia
eogarcia@cpfljaguariuna.com.br
(19) 3682-8603

Marcelo Henrique Bianchini
mbianchini@cpfl.com.br
(19) 3756-5142

Luiz Rodrigues Kisch
luizrodrigues@cpfl.com.br
(19) 3756-8206

Maria Cecilia Bianco Saragiotto
ceciliasaragiotto@cpfl.com.br
(19) 3756-8238

Amanda Graciela Pires de Camargo Durante
amandadurante@cpfl.com.br
(19) 3756-8596

Joana Ruiz Landucci
joanarl@cpfl.com.br
(19) 3756-8569

Mariana Costa Rinaldi
marianar@cpfl.com.br
(19) 3756-8316

Natália Tadokoro
nataliatk@cpfl.com.br
(19) 3756-8316

Roseli Cordeiro Silveira
roseli@cpfl.com.br
(19) 3756-8115

Patrícia Silva Marques Conde
patriciaconde@cpfl.com.br
(19) 3756-5193

Paulo Roberto Hoffmann
hoffmann@cpfl.com.br
(19) 3756-8836

Roberto Cardoso Brandão
brandao@cpfl.com.br
(19) 3756-8210

Rodolfo Belinato Biazon
rodolfo@cpflsantacruz.com.br
(14) 3305-9176

Lucia Helena Magalhães L. da Silva
luciahelena@cpfl.com.br
(19) 3756-8014

Operational
Amaury Haga
amaury@cpfl.com.br
(14) 3305-9102

Rosaria Di Gangi
digangi@cpfl.com.br
(19) 3756-8905

Bruno César Pires Oliveira
bpoliveira@cpfl.com.br
(19) 3756-8944

Casemiro Lúcio de Moraes
casemiro@cpfl.com.br
(19) 3756-5162

Ciro Ribeiro Coutinho
cirocoutinho@cpfl.com.br
(19) 3756-8840

Daniel Carvalho Pinto
dcarvalho@cpfl.com.br
(19) 3756-8351

Daniel Werdine Renno
(19) 3756-8357
danielwerdine@cpfl.com.br

Nathanael Sprogis
natha@cpfl.com.br
(19) 3756-8437

Fabiana C. L. Avellar
fabianaavellar@cpfl.com.br
(19) 3756-8278

Francisco J. Leitão Guimarães
franciscojose@cpfl.com.br
(19) 3756-8375

Jairo Garcia
jairo@cpflsantacruz.com.br
(14) 3305-9126

Jian Carlos Bertie
jian@cpflsantacruz.com.br
(14) 3305-9165

José Carlos Finoto Bueno
josefinoto@cpfl.com.br
(19) 3756-5268

Kelson José de Godoy
kelson@cpflsantacruz.com.br
(14) 3305-9149

Mário S. Tadokoro
mariotadokoro@cpfl.com.br
(19) 3756-8346

EXTRAS

Osvanil Oliveira Pereira
osvanil@cpflsantacruz.com.br▶
(14) 3305-9165

Silvana Goi
silvanagoi@cpfl.com.br
(19) 3756-6423

Silvia Ferreira
silviaf@cpfl.com.br
(19) 3756-8907

Patrícia Caetano de Oliveira
patricia@cpflsantacruz.com.br▶
(19) 3847-5936

Patrícia Drudi
pdrudi@cpfljaguari.com.br▶
(19) 3847-5932

Silvia Ferreira
silviaf@cpfl.com.br
(19) 3756-8907

Thiago Lopes Casarini
thiagocasarini@cpfl.com.br
(19) 3756-8542

Laís Cecília Fontana Ferraz
lferraz@cpfl.com.br
(19) 3756-6402

Manoel Eduardo Miranda Negrisoli
negrisoli@cpfl.com.br
(19) 3756-6474

Rodrigo Marssola Gasbelotti
rodrigomg@cpflsantacruz.com.br▶
(19) 3756-5238

Wilson Maldonado Junior
maldonado@cpfl.com.br
(19) 3756-8863

Maurício Vilela de Andrade
mvilela@cpfl.com.br
(19) 3756-8414

Fabiana C. L. Avellar
fabianaavellar@cpfl.com.br
(19) 3756-8278

Karin Regina Luchesi
karin@cpfl.com.br
(19) 3756-8693

Marisa Regina Stevanatto
marisa@cpfl.com.br
(19) 3756-8027

Eduardo Basile Junior
ebasile@rge-rs.com.br▶
(54) 3206-3703

Alexandre Nogueira Aleixo
aaleixo@cpfl.com.br
(19) 3847-5947

Maria Teresa Ribeiro Temer Giovanetti
meg@cpfl.com.br
(19) 3756-8398

Fernanda Navarrete Castilho Specian
fernandac@cpfl.com.br
(19) 3756-8944

Osvanil Oliveira Pereira
osvanil@cpfl.com.br
(14) 3305-9165

Eduardo Senise da Silva
esenise@cpfl.com.br
(19) 3756-8459

Paulo Ricardo Bombassaro
pbombassaro@cpfl.com.br
(19) 3756-8947

Eduardo Neme Mazzaro
dudaneme@cpfl.com.br
(19) 3756-8090

Roberto Wainstok
rwainstok@cpfl.com.br
(19) 3756-8659

José Emilio Steffen
jemilio@cpfl.com.br
(19) 3756-8927

Patrícia Silva Marques Conde
patriciaconde@cpfl.com.br
(19) 3756-5193

Vanice Ferreira Santos Dornellas
vanice@cpfl.com.br
(19) 3756-8157

Adriano Gonçalves de Souza Júnior
adrianosouza@cpfl.com.br
(19) 3756-6035

Luiz Américo Gonçalves
lugon@cpfl.com.br
(19) 3756-8303

José Augusto Rondon Ribeiro
rondon@cpfl.com.br
(19) 3756-8259

Artur Jose Seron Rios
artur@cpfl.com.br
(19) 3756-8379

Ulisses Bittencourt Pinto
ulisses@cpfl.com.br
(19) 3756-8565

Robson Hitoshi Tanaka
robsontanaka@cpfl.com.br
(19) 3756-8230

EXTRAS

Melina Casado de Oliveira
melinac@cpfl.com.br
(19) 3756-8668

Sendilene Belmonte Garcez
sendilene@cpfl.com.br
(19) 3756-6415

Eduardo Neme Mazzaro
dudaneme@cpfl.com.br
(19) 3756-8090

Flavio Kazuo Hiraide
flaviohiraide@cpfl.com.br
(19) 3756-8484

Roberto Castro
castro@cpfl.com.br
(19) 3756-8124

Marcelo Rodrigues Soares
marcelosoares@cpfl.com.br
(19) 3756-6048

Camila Pikunas
camilapikunas@cpfl.com.br
(19) 3756-6041

Rita de Cássia P. R. D'Ávila
ritadavila@cpfl.com.br
(19) 3756-8482

Carlos Augusto
caugusto@cpfl.com.br
(19) 3756-8931

Jabes Carvalho Junqueira
jabes@cpfl.com.br
(19) 3756-8884

Luis Henrique F. Pinto
luishenriquepinto@cpfl.com.br
(19) 3756-8403

Milton Biral Filho
biral@cpfl.com.br
(19) 3756-8974

Marco Antonio Nucci
nucci@cpfl.com.br
(19) 3756-8444

Alex de Araújo Germer
alexgermer@cpfl.com.br
(19) 3756-8585

Raquel Cristina de Paula M. Camanducaia
raquelmotta@cpfl.com.br
(19) 3756-6098

Riberto Jose Barbanera
riberto@cpfl.com.br
(16) 3605-6714

Walter Henrique Bernardelli
wbernardelli@cpfl.com.br
(19) 3756-5113

Credits

Overall Coordination

Augusto Rodrigues

Director of Corporate Communications of
the CPFL Energia Group

Content Guidance

Gustavo Estrella

Investor Market Relations Director

Editorial Coordination

Carlos Henrique Matos Ramos

Journalism Manager

Editorial Consultants

Antonio Cesar Ariede

Henrique Lian

Content and Editorial Support

Cárita Abdal

Casemiro Moraes

Juliane Correa Rodrigues

Natália Tadokoro

Renan Darlan Bastianon

Editorial Guidance, Content Production, Graphic Design and Online Version Programming

Report Comunicação

Photography

Carlos Bassan

Giancarlo Giannelli

Juan Carabetta

Rodrigo Cancela

Rogério Lorenzoni

Arquivo PM

Eduardo Barcellos

Cassio Vasconcellosx

Banco de Imagens RGE

Banco de Imagens PM

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